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LAST ISSUE

Central Eurasia

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Daily Report
Central Eurasia

FBIS-SOV-96-160 *16 August 1996*

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CIS: ITAR-TASS Carries Press Review for 16 Aug

LD1608052596 Moscow ITAR-TASS in English 0455 GMT 16 Aug 96

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW August 16 (Itar-Tass) — KOMSOMOLSKAYA PRAVDA comments on the make-up of a new Russian government, announced on Thursday. The newspaper calls attention to the fact that the number of government bodies has been reduced by one third — from 89 to 66, and the number of ministries — from 29 to 24. Speaking about new appointments, the newspaper points to the ascendancy of Aleksey Bolshakov, who became one of the three first vice premiers. Vladimir Potanin, 35, Chairman of the Borard of ONEXIM Bank and graduate of the Moscow Institute of Internationai Relations, was also appointed first vice premier. He came to public notice not long ago, but has shown already that he is a man to be reckoned with. He actually dissolved "red directors" of the Norilsk Nickel production complex and put one of the world's biggest producers of nickel and platinum under the control of the bank, the newspaper writes.

In the opinion of ROSSIYSKAYA GAZETA, the priority tasks of the new government include "the activisation of the social policy, the growth of industrial output and investments in the industrial sector, the establishment of firm control over the financial sector, the creation and consolidation of new market institutions and the speeding up of the decision-making process."

ROSSIYSKIYE VESTI quotes the opinion of senior officials of defence, interior and security bodies, as well as deputies to the State Duma, concerning ways of overcoming the Chechen crisis. Interior Minister Anatoliy Kulikov believes that "clever political measures are needed, which will make it possible to meet to the maximum the demands of all the parties involved in the conflict, along with the preservation of Russia's territorial integrity. This work will take several years, but it should begin with imposing a state of emergency on Chechnya." In the opinion of Defence Minister Igor Rodionov, a state programme should be drawn up and put into effect which should "include all problems — political, economic, social, military and security ones."

Assessing prospects of the negotiating process in Chechnya, KRASNAYA ZVEZDA expresses apprehension that "the separatist leaders have no clear and common notion of the future of their republic and their nation. They maintain that the 'Tatar version' is unacceptable for them, but they have no idea either of the mechanisms of its implementation, or of the ways of establishing durable peace in the republic." In the opinion of the newspaper, the rebel leaders are not yet ready for compromises.

IZVESTIYA carries a political biography of head of the Chechen Republic Doku Zavgayev.

IZVESTIYA writes as well about the unprecedented episode in the judicial practices of Russia: the Khamovniki Municipal Court of Moscow has recognized as illegal the decree of the Russian President on the removal from his post of Vladivostok Mayor Viktor Cherepkov.

ROSSIYSKAYA GAZETA writes about ecological problems of the Volga River. Russia's main river has to "consume" annually 23 billion cubic metres of industrial and communal waste water. The population of the Volga Region is 60 million people.

CIS: Defense Ministers Show 'Concern' Over NATO Expansion

MM1608080396 Moscow KRASNAYA ZVEZDA in Russian 16 Aug 96 p 1

[Report by Oleg Vladykin: "CIS Military Department Leaders Hope NATO Will Revise Its Plans"]

[FBIS Translated Text] KRASNAYA ZVEZDA has already reported that another session of the Commonwealth states' Defense Ministers Council was held in Moscow 14 August at the headquarters for coordinating military cooperation among the CIS states. Leaders of the military departments of nine former Union republics and representatives of the Uzbek and Tajik Armed Forces took part in it. No Moldovan delegation attended this session.

Apart from the defense ministers, the meeting was attended by leaders of other statutory and working CIS organs and representatives of the Russian Federation executive and legislature. The session was chaired by Colonel General Igor Rodionov, Russian Federation defense minister, who, addressing his colleagues, stressed that the peoples of the Commonwealth states should be aware of the usefulness of the Defense Ministers Council as a statutory CIS organ.

The defense ministers exchanged views on topical security problems in the Europe and Asia region and unanimously admitted that it is typified by a decline in military-political tension and by the continuing process of transition from military confrontation to the "demilitarization" of international relations and the creation of a new world community. At the same time, it was noted that the positive processes taking place in the world have not yet become definitive and are often accompanied by complications and contradictions which sometimes take

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acute forms. Confirmation of this is to be found in the attempts to implement the plans to expand NATO eastward.

The concern shown by the leaders of the CIS military departments at this fact was reflected in the session's final communique. It stated, in particular, that the move by the military-political bloc right up to the borders of the Commonwealth states fundamentally alters the geostrategic and geopolitical situation that has emerged as a result of the end of the Cold War and poses a threat to the Commonwealth's political, economic, and military security, which could in turn lead to bloc confrontation and a new spiral of the arms race. NATO's eastward expansion, moreover, will reduce the level of confidence in the incipient positive processes of detente in Europe and will call into question the prospects for further cooperation between the Commonwealth states, the alliance states, and NATO as a whole.

The communique expresses the hope that leading state and military organs in the NATO states and in the states of Central and East Europe and the Baltic, will revise their intentions in this respect and will be consistent in grasping the positive opportunities opening up for the world community as a result of the decline in the level of confrontation in Europe, the strengthening of confidence in the military sphere, and the reductions in nuclear and conventional arms. At a press conference held after the session, Army General Viktor Samsonov, head of the headquarters for coordinating military cooperation among the CIS states, noted that most of the Commonwealth defense ministers advocate participation in NATO's "Partnership for Peace" program. According to him, a dissenting view in respect of the NATO plans was voiced at the session by the Azerbaijani and Uzbek delegations, although he did not specify what it consisted of.

He also reported the Commonwealth states' determination to galvanize the creation of a collective security system within the CIS framework based on the 15 May 1992 agreement and bilateral agreements between them. A specific plan for shaping such a system was approved.

The session participants examined proposals from the CIS Defense Ministers Council Coordinating Committee on Air Defense Issues on improving the Commonwealth states' joint air defense system.

A report was heard on the military-political situation in the south of the Central Asia region and the progress in carrying out the "Comprehensive Plan for Settling the Situation on the Tajik-Afghan border," which was approved by the CIS Heads of State Council 26 May 1995. The important role played by the Collective Peacekeeping Forces and the Russian Federation Group of Border Guards in the Republic of Tajikistan in deterring armed clashes was noted.

The session also examined questions relating to the preparation and training of military and civilian personnel in the Commonwealth states to take part in peacekeeping operations, and issues relating to the upkeep, funding procedure, comprehensive logistical backup, and social protection for the Collective Peacekeeping Forces' personnel in the CIS.

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Russia: Commentary on Yeltsin's 'Leaked' Baltic Message to Clinton

MK1508122996 Moscow KOMMERSANT-DAILY in Russian 15 Aug 96 p 3

[Article by Aleksandr Koretskiy and Georgiy Bovt: "Fairy Tales May Not Be True, But They Hint at a Thing or Two"]

[FBIS Translated Text] Yesterday, KOMMERSANT-DAILY drew the readers' attention to a BALTIC NEWS SERVICE [BNS] report, which said that at a confidential level Russia has agreed to NATO admission for Poland, the Czech Republic, and Hungary in exchange for excluding the Baltic countries from this process. This has drawn a stormy reaction from Russian political departments. The new presidential press secretary, Sergey Yastrzhembskiy, stated that KOMMERSANT-DAILY's article is based on "pseudo-information, which has no real basis." This assessment was also shared yesterday by Russian Deputy Foreign Minister Nikolay Afanasyevskiy. It can be assumed, however, that the affair is not going to end in these categorical denials. It is only beginning.

The first thing that came to light after the appearance of the publication is that a missive to Bill Clinton, which, among other things, speaks about the problem of NATO expansion does, after all, exist. In Yastrzhembskiy's words, it was sent on its way to the White House in late July. Remarkably, it was not anything particularly confidential because it was one in a series of regular messages that help the leaders exchange views on pressing problems of one kind or another. Igor Ignatyev, presidential press service head, told KOMMERSANT-DAILY that for very understandable reasons this message was confidential — it is, after all, presidential correspondence.

The second thing is that Yeltsin's message indeed outlined Russia's stance on the question of NATO's expansion. But it did not deal with any changes in this stance; instead it dealt with a confirmation by Moscow of the already well-known — negative on the whole — assessment of this process. The message reiterated that it is unacceptable for Russia that the Baltic countries should be "spurred on" to join the alliance. Such is the state of affairs as outlined by Kremlin spokesmen. However, even after their explanations, some questions remain.

The most important of them is this: Why is it that there have been three leaks of confidential information over recent months from the apparatus of the U.S. White House concerning Yeltsin's personal messages to the U.S. President? Notably, Moscow either does not react to such reports (as is seen in the latest case, where there was a reaction to KOMMERSANT-DAILY's publication rather than to the leak), or its negative reaction is a far cry from those diplomatic moves that the State Department undertakes in such cases. By now, there is no doubt that the BNS report was based on a direct leak from the recent message to Clinton — there are too many coincidences. It is a different matter that the contents of the message are indeed rendered loosely by the BNS — the unacceptability of "spurring on" the Baltic countries to join NATO is billed as Moscow's agreement to expanding the bloc, provided the Baltic countries were excluded from this process.

In reality the problem facing Moscow is as follows: A compromise with NATO seems inevitable today. NATO is not going to renounce expansion and Russia will have to reconcile itself to it. Part of this compromise can reside in [Russia's] varying attitudes to the joining of NATO by the countries of East Europe, on the one hand, and, on the other hand, the Baltic countries and other post-Soviet states. The interpretation of the very term "NATO expansion" may become another part of the compromise: Moscow may signal a semblance of acceptance that NATO can be joined by Poland, Hungary, and the Czech Republic (more accurately, it will be ready to shut its eyes to this sooner or later) in exchange for some NATO guarantees with regard to "non-expansion" of the bloc's military infrastructure (this could be nuclear forces) to cover the new territories. It cannot be ruled out that the Baltic states will become one of the cards in the tricky geopolitical gamble — Moscow having practically no trump cards today. Thus today's "pseudo-information" may, tomorrow, prove to have a real basis.

Russia: U.S. Gives More Investment Support for Telecommunications

MM1608105896 Moscow FINANSOVYYE IZVESTIYA in Russian 15 Aug 96 p II

[Report by D. Morochenko: "Americans Still Investing in Russian Communications"]

[FBIS Translated Text] The U.S. corporation for foreign private investment has announced the allocation of $48 million from the previously issued $200-million loan for the development of telephone networks and the expansion of telecommunications services in Russia. The loan recipient is the TDC company — a Russian subsidiary of US West International. Since 1991 TDC has invested more than $220 million and created 10 communications joint ventures. The current loan is the largest ever allocated by the corporation to support long-term investment in Russia. Under the terms of the loan, the financial resources are provided for 12 and

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a half years with a four-year deferment on payments. The corporation, as an independent U.S. Government agency, provides financial support and insurance against political risks to U.S. companies making long-term investments in countries with transitional economies. The corporation can allocate up to $400 million to finance any single project.

Russia: Moscow Condemns 'Inhuman Brutality' Witnessed in Cyprus

LD1508141596 Moscow ITAR-TASS World Service in Russian 1314 GMT 15 Aug 96

[By ITAR-TASS diplomatic correspondent Aleksandr Valiyev]

[FBIS Translated Text] Moscow, 15 Aug (Itar-Tass) — The recent events in Cyprus again show all too clearly the need for the swift achievement of a truly just and viable settlement on the island that would get rid of the causes of these events. This was stated today by Mikhail Demurin, first deputy director of the department of information and press of the Russian Foreign Ministry.

He noted that Russia was deeply alarmed at the latest tragic incident in the Cypriot buffer zone caused by the clash between representatives of the Turkish and Greek communities. Moscow, according to the Russian diplomat, "resolutely condemns the acts of inhuman brutality that led to the death of people and calls for maximum restraint and urgent and effective measures toward a radical normalization of the situation."

Demurin said that Russian-Cypriot political consultations had been held on 13-14 August in Moscow, which were attended by A. Shambos, permanent secretary of the Cypriot Foreign Ministry, and Deputy Russian Foreign Minister Nikolay Afanasyevskiy. According to him, the discussions were of a "traditionally friendly nature," the sides gave a positive appraisal of the state of Russian-Cypriot relations, examined the prospects for their further consistent development, including maintaining an active political dialogue at state level and through the parliaments of the two countries. The sides agreed to speed up work on drawing up new treaties and agreements and reaffirmed the important significance of the bilateral intergovernmental agreement on cooperation in the development of Russia's Black Sea region.

Concerning problems of a settlement in Cyprus, the Russian and Cypriot delegations noted the absence of real progress in the search for a just and viable solution to this task and the intolerance of the present status quo on the island and called for stepping up international efforts in this area under the leading role of the United Naitons. It was noted at the consultations that the idea of the demilitarization of the Republic of Cyprus — the implementation of which would help toward a radical improvement in the situation on the island — is worthy of particular attention, Demurin pointed out.

Russia: Spokesman: Russia To Continue Active Role in Mideast Peace

LD1508204196 Moscow ITAR-TASS in English 1703 GMT 15 Aug 96

[By Valery Sevryukov]

[FBIS Transcribed Text] MOSCOW, August 15 (Itar-Tass) — Russia is taking an active part in the process of the Middle East settlement and intends to continue this work on the basis of the available formula together with the other co-sponsor — the United States, as well as with the countries concerned, the international organisations and regional participants, Russian Foreign Ministry spokesman Mikhail Demurin told a briefing here today.

According to him, at present it seems that the pause in the peacemaking process in the Middle East has dragged on.

"At first we agreed that the new Israeli government would need some time to analyse the situation so that later to put forward new ideas on this issue," Demurin said.

"Now we are compelled to state that the delayed period of inactivity is not productive from the viewpoint of the further development of the process," he pointed out.

In this connection the Russian diplomat expressed the hope that the available potential would be used, and the dynamics of the process would be preserved.

In his view, to achieve this it is necessary first of all to confirm the adherence to the earlier concluded agreements and act on that basis.

The Russian side also expects that sides in the region would give up the actions aimed at undermining the process or running counter to the efforts made before.

"We also expect that the international factors acting in the Middle East settlement, will contribute to active efforts in favour of establishing final peace and conciliation in the Middle East," the official representative of the Russian Foreign Ministry pointed out.

Russia: Chilingarov Meets South Korean Parliamentary Delegation

LD1508123296 Moscow ITAR-TASS World Service in Russian 0745 GMT 15 Aug 96

[FBIS Translated Text] Moscow, 15 Aug (Itar-Tass) — Issues of Russian-South Korean relations, including

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inter-parliamentary ties, the present situation in the Korean peninsular and other subjects were today discussed during a meeting between State Duma Deputy Chairman Artur Chilingarov and a parliamentary delegation from the Republic of Korea. This was reported by the Duma's press office.

Artur Chilingarov and Kim En-be [name as transliterated], deputy speaker of the National Assembly and head of the South Korean delegation, expressed anxiety over the present political and military confrontations between North and South Korea. The two sides favored the earliest possible stabilization of the situation in the Korean Peninsula and a peaceful settlement of the Korean problem.

Talking about the importance of holding a peace dialogue between Seoul and Pyongyang, the deputy chairman of a chamber of the Russian parliament said that "many things here depend on the wisdom of the leadership of the two countries." For their part, the South Korean parliamentarians expressed the desire that Russia should take an active part in the process of talks in the peninsula.

Artur Chilingarov and Kim En-be pointed to the usefulness of inter-parliamentary contacts and underlined that such meetings promote the development of good-neighborly relations between Russia and South Korea.

Russia: Companies Start Supplying Arms to South Korea

LD1508121496 Moscow INTERFAX in English 1122 GMT 15 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 15 (Interfax) — Russia will start supplying arms and military equipment to South Korea in the near few months in the form of a partial settlement of Russia's debt to Seoul worth $1.47 billion inherited from the former USSR, well informed sources in Russia's defense structures told Interfax.

The first arms shipment worth $150 million includes 30 T-80U, 30 BMP-3 APCs, several hundred Igla portable air defense systems and Metis-M anti-tank guided medium-range rocket systems.

Head of the press service of the state-run Rosvooruzhenie company Valeriy Pogrebenkov has neither refuted nor confirmed this information to Interfax.

Sources in the Russian defense organs also told Interfax that Moscow will supply Seoul with arms worth about $220 million in 1996-1998. The Omsk factory of transport machinery, which produces Russia's most modern tanks, will ensure part of these supplies.

Russian-South Korean cooperation in the military-technical sphere "is of a long-term nature," one of the sources said.

"Moscow and Seoul have a perspective plan of design and research works with the largest South-Korean firms both to modernize Russian military equipment and to develop new kinds of arms," he said.

For details see the Interfax Diplomatic Panorama of August 15.

Russia: Foreign Ministry Condemns Terrorist Attack in Dushanbe

LD1508164196 Moscow ITAR-TASS World Service in Russian 1340 GMT 15 Aug 96

[By ITAR-TASS diplomatic correspondent Yuriy Kozlov]

[FBIS Translated Excerpt] Moscow, 15 Aug (Itar-Tass) — The Russian side resolutely condemns the organizers and inspirers of the terrorist act committed against Russian border guards this morning in Dushanbe. This was said at a briefing by Mikhail Demurin, first deputy director of the Information and Press Department of the Russian Foreign Ministry. [passage omitted]

"The latest terrorist act is the reflection of the complex and instable situation in Tajikistan. It is quite obvious that this is the result of the activity of those forces that are interested in maintaining and increasing the tension," the official spokesman of the Russian Foreign Ministry said.

Russia: Chernomyrdin, Latvia's Skele Discuss Cooperation, Visit

LD1608090196 Moscow ITAR-TASS in English 0837 GMT 16 Aug 96

[FBIS Transcribed Text] MOSCOW August 16 (Itar-Tass) — Russian Prime Minister Viktor Chernomyrdin and his Latvian counterpart Andris Skele have had a telephone conversation. Its main topic was the development of Russian-Latvian relations.

During the conversation, initiated by the Latvian side, Andris Skele congratulated Chernomyrdin on being appointed again Prime Minister of Russia and wished him success in his work on that responsible post, a spokesman for the press service of the Russian government told Tass.

Andris Skele said that Latvia was interested in further developing bilateral relations with Russia, primarily in the economic sphere. The Russian side also expressed readiness to expand cooperation between the two countries, stressing at the same time that the pace and scope

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of cooperation in various spheres would depend a great deal, the same as before, on the situation of Russians living in Latvia.

The sides agreed that Andris Skele would pay a working visit to Russia in the first half of September.

Russia: Agreement Reached With Ukraine on Maintaining Common Border

LD1408182096 Moscow ITAR-TASS in English 1733 GMT 14 Aug 96

[By Yuriy Kozlov]

[FBIS Transcribed Text] MOSCOW, August 14 (Itar-Tass) — Russia and Ukraine have reached an understanding on the widening of the legal basis for interaction in the frontier and customs spheres.

This was stated in a joint report for the press, received by Itar-Tass, on the results of the first meeting of the sub-commission for border-related issues of the joint Russian-Ukrainian commission for cooperation, which was held in Moscow.

In particular, the sides decided to agree in the near future on drafts of inter-governmental accords on non-visa trips of citizens of both countries, on handing over and reception of persons through the common state border and draw up a number of other documents.

The Russian side of the sub-commission was headed by First Deputy Foreign Minister Boris Pastukhov, the Ukrainian side — by Deputy Foreign Minister Konstantin Grishchenko.

During the talks, the delegations considered the implementation of the existing Russian-Ukrainian agreements and protocols on border and customs issues, and agreed on specific steps with the aim of their full realisation.

The sub-commission also discussed a complex of additional measures to retain the border open and simplify the regime of its crossing by citizens of Russia and Ukraine.

At the same time, the sides agreed upon the strengthening of the fight against smuggling, illegal migration and other border offences.

Participants in the meeting also discussed the delimitation of the Russian-Ukrainian boruer and agreed to set up a joint working group for the settlement of this issue within the framework of the sub-commission.

It was arranged to hold the next meeting of the sub-commission for border-related issues in Kiev in October this year.

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Political Issues

Russia: Kulikov Denies Lebed Accusations on Role in Chechnya

LD1608130096 Moscow INTERFAX in English 1247 GMT 16 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 16 (Interfax) — Russian Interior Minister Anatoliy Kulikov told INTERFAX on Friday that he strongly denied accusations against him made by Secretary of the Russian Security Council Aleksandr Lebed.

At a news conference in Moscow on Friday Lebed called Gen. Kulikov "one of the main culprits of the tragedy in Chechnya."

"Unless these accusations are removed officially, I will ask the president to permit me to step down. I may write such an application today," said Kulikov.

He listed measures he had taken in an attempt to reach a peaceful settlement of the Chechen conflict when he commanded interior troops there, and later when he took charge of the Interior Ministry.

According to him, the conclusions given to him by Lebed come "from Lebed's maniac-like desire to come to power and his insufficient knowledge of Chechnya's problems."

Russia: Kulikov Blames 'Weakness of Power' for Chechen Events

LD1608143996 Moscow ITAR-TASS in English 1422 GMT 16 Aug 96

[FBIS Transcribed Text] MOSCOW, August 16 (Itar-Tass) — Russian Minister of Internal Affairs Anatoliy Kulikov told Itar-Tass today that "in connection with the slander and insults leveled at me on the part of the Secretary of the Security Council I am sending a report to the President of the country requesting him to decide on my service in the post I now occupy."

Interior Minister Kulikov set forth his arguments which, he believes, prove the injustice of the charges brought against him by Aleksandr Lebed in a statement conveyed to Itar-Tass.

What happened in Chechnya is "not a result of the blunders made by the Ministry of Internal Affairs but of the weakness of power" in the country, the minister said.

Kulikov stressed that he has insisted thrice since December 1994 on the introduction of the state of emergency in Chechnya, but his calls were not heeded.

"The mistake is being repeated again: instead of deciding unequivocally the main question in the negotiations — the status of Chechnya — everybody avoids bashfully handling the matter," the minister said.

Kulikov said he was "very inconvenient to many," including Aleksandr Lebed. That was the reason behind Lebed's demand for sacking the interior minister, voiced during today's press conference.

Russia: Kulikov Ready To Resign After 'Unfair Attack' by Lebed

LD1608124996 Moscow ITAR-TASS in English 1237 GMT 16 Aug 96

[FBIS Transcribed Text] MOSCOW, August 16 (Itar-Tass) — Russian Minister of Internal Affairs Anatoliy Kulikov declared he was ready to tender in his resignation to the Russian President in the wake of what he called an "unfair" attack by National Security Council Secretary Aleksandr Lebed, sources in the government circles told ITAR-TASS.

Russia: Lebed Not To Resign Even if Kulikov Remains

LD1608124696 Moscow INTERFAX in English 1239 GMT 16 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 16 (Interfax) — Secretary of Russia's Security Council Aleksandr Lebed does not intend to resign if President Boris Yeltsin declines his proposal to dismiss Interior Minister Anatoliy Kulikov, Lebed told a press conference in Moscow Friday [16 August].

"There will be no resignations but I'll be forced to resort to other methods," he said.

Russia: Lebed: Yeltsin Must Choose Either Lebed or Kulikov

LD1608141196 Moscow Russian Television Network in Russian 1300 GMT 16 Aug 96

[From the 'Vesti' newscast]

[FBIS Translated Text] The news conference by Russian Security Council Secretary Aleksandr Lebed, which was the result of his second trip to Chechnya and which is now taking place in Moscow, began at once with sensational statements. Yesterday in Groznyy Lebed promised to name the culprits responsible for what is happening in Chechnya. Today one name was mentioned:

[Begin Lebed recording] [Russian Interior Minister] General Kulikov said that he would not subordinate himself to me — that was his main thrust. I am stating officially that I do not require Kulikov's subordination. I found myself in the system eight months after him. I

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demand one thing: that he fulfill his duties. Now I call on the Russian president, Boris Nikolayevich Yeltsin: Boris Nikolayevich, a very difficult choice lies ahead of you. Only one should stay in the system: Either Lebed or Kulikov.

There is very reliable information that very soon one should expect a provocation on the territory of the Republic of Ingushetia with a view to drawing federal troops into this conflict, to draw Ingushetia into the conflict, to exclude the involvement of Aushev, the president of Ingushetia, in measures to establish peace there. Wait and they will happen — these provocations. Dagestan is in principle also ready to join the war. In the long-term a great Caucasian war lies in store for us. [end recording]

Russia: Lebed Says Russia on Threshold of 'Social Explosion'

LD1608144296 Moscow INTERFAX in English 1414 GMT 16 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 16 (Interfax) — Secretary of Russia's Security Council Aleksandr Lebed told a press conference in Moscow Friday the Chechen war had raised the level of crisis in Russia to the boiling point.

"The country has been placed on the threshold of a social explosion as a result of the war in Chechnya. Colossal damage has been inflicted to Russia's prestige and to the moral state of the nation."

"There is a critical mass of crises in the country: banking, energy and salary non-payments, from which a revolutionary situation is gradually ripening. And there is a group [federal forces in Chechnya — IF] turning to Satan before our eyes, which stopped understanding a long time ago why it is there," he said.

According to Lebed, "the two in combination may create a cocktail that will shake the whole world." The country "with a quasi-ruined economy and armed forces cannot afford the luxury of waging war; a state claiming a democratic name for itself cannot solve national issues with the help of rockets and shells," he said.

This was the situation that led President Boris Yeltsin to empower him to deal with the Chechen crisis, he said. "The president signed decrees August 10 on my appointment as plenipotentiary envoy in Chechnya and confirmed Viktor Chernomyrdin to the post of prime minister. August 10 was a day of mourning. Thus we have a mourning prime minister and a mourning plenipotentiary enjoy. It lies ahead to determine what sucking pig slipped the decrees to the president on that day."

"Many people are now chanting that Lebed has become a bureaucrat, a lasso has been thrown around him and now I must listen and play by the rules," Lebed said. "The rules which are pushing the country into an abyss are not for me. I have not played by these rules and will not," he said.

Russia: Yeltsin Describes New Government as '*Professional*'

LD1608114396 Moscow INTERFAX in English 1110 GMT 16 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 16 (Interfax) — President Boris Yeltsin described the government's new composition as "professional and good" and underlined that this government was chosen not on the basis of private or party loyalties but on individual business qualities, presidential press secretary Sergey Yastrzhembskiy told journalists Friday [16 August].

He added that the remaining posts will be filled within a week.

Yastrzhembskiy cited Yeltsin as saying that if there were several experts in the government earlier who did not enter the new government, it does not mean that they worked badly. The Cabinet needs "fresh blood," Yeltsin said.

Yeltsin also wants "to closely familiarize himself with candidates to the vacancies in the government," Yastrzhembskiy said. This may take place in the near term because Yeltsin is "in the regime of half-vacation," he said. Yastrzhembskiy said Yeltsin daily works over the documents in the Kremlin for two to three hours or in his residence near Moscow, he meets with people, speaks over the telephone. Simultaneously Yeltsin "is thinking over where to spend his vacation in the vicinity of Moscow," according to Yastrzhembskiy.

The president is undergoing rigorous diagnostic examination. He is "in a working state," Yastrzhembskiy said.

Russia: Yeltsin Authorizes Gubernatorial Elections in 12 Regions

LD1608101696 Moscow INTERFAX in English 0942 GMT 16 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 16 (Interfax) — Responding to requests from regional leaders, Russian President Boris Yeltsin signed 12 decrees on local elections, a source close to the president told INTERFAX on Friday [16 August].

The president authorized preparing and holding gubernatorial elections in the Kirov, Kaliningrad, Kursk, Murmansk, Volgograd, Bryansk, Ivanovo, Ulyanovsk,

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Kostroma and Samara regions, as well as of the Perm region and the Komi-Permyak autonomous district and the Jewish autonomous region.

Russia: Chernomyrdin Cuts Cabinet Staff

LD1508123596 Moscow INTERFAX in English 1151 GMT 15 Aug 96

[FBIS Transcribed Text] MOSCOW, August 15 (Interfax) — The number of Russian government offices has been cut from 89 to 66, Prime Minister Viktor Chernomyrdin announced in Moscow today, briefing journalists on the decrees signed by President Yeltsin yesterday.

The new Cabinet will have 24 ministers, instead of 25 that functioned in the previous government, Chernomyrdin said, adding that several offices remain vacant today. Still unoccupied, according to him, are the posts of deputy prime minister in charge of the State Committee for Science and Technology, and ministers of Health, Culture, Natural Resources, Industry, Railroads, CIS Affairs, and Fuel and Energy.

Candidates will be considered soon and those chosen will be submitted to the president for approval, Chernomyrdin said.

He reported that the government ministries and departments will be grouped in nine blocs. In forming them, he noted, special attention will be paid to economic, financial, and social problems.

Chernomyrdin explained the Cabinet reshuffle by the need to make administration simpler, specify the federal bodies' functions, eliminate their duplication, and cut spending on managerial staff.

Focusing on the Finance Ministry, Chernomyrdin reported that it has been put in charge of currency, export, and insurance control departments and also Tax Service, State Committee for Securities, Customs Committee and the Committee on State Monopoly over Alcohol.

The economic bloc, according to the prime minister, will comprise the Economics Ministry, the State Anti-Monopoly Committee, three federal services regulating communication and transport monopolies, the State Property Committee, and the State Committee for Statistics.

Standing out in the social bloc is the Employment and Social Development Ministry, formed from the former Labor and Social Insurance ministries and from the federal employment service.

This will allow to fundamentally resolve social issues on federal and local levels alike "without sending papers and people to numerous departments," Chernomyrdin said.

He attached much importance to the Ministry of Industry, which in market conditions must ensure a functional approach to replace a host of industrial committees with limited powers.

Russia: New Government Appointees Profiled

MM1508182296 Moscow ROSSIYSKAYA GAZETA in Russian 16 Aug 96 pp 2-3

[Feature comprising profiles of new government appointees Aleksey Bolshakov, Viktor Ilyushin, Vladimir Potanin, and Aleksandr Livshits; contributors listed as Vyacheslav Goncharov, Vladimir Sluzhakov, Aleksandr Velichenkov, Irina Nevinnaya, Yevgeniy Khodokormov, Igor Galkin, and Maksim Zarezin: "Cabinet of Ministers. Sketches for a Group Portrait"]

[FBIS Translated Text]

Aleksey Bolshakov's High-Speed Line. Moscow-St. Petersburg Main Line, Then the CIS

Personal file: Aleksey Bolshakov, who held the post of vice premier in the previous government, was born 17 December 1939 in the city of Dno, Pskov Oblast. In 1962 he graduated from the Leningrad Bonch-Bruyevich Electrotechnical Institute of Communications. His educational specialty is electrical engineer. From 1962 he worked at enterprises in Leningrad; in 1978-1988 he was general director of the Dalnyaya Svyaz [Long-Range Communications] Science and Production Association (Leningrad). In 1988-1991 he was first deputy chairman of Leningrad City Soviet of People's Deputies Executive Committee. In 1991-1994 he was general director of the Vysokoskorostnyye Magistrali [High-Speed Main Railroads] Russian Joint-Stock Company, engaged in building the high-speed main railroad from St. Petersburg to Moscow.

Since November 1994 he has been deputy chairman of the Russian Federation Government in charge of relations with the CIS countries. Since the same date, he has been head of the CIS Interstate Economic Committee. Since April 1996 he has been deputy chairman of the Executive Committee of the Community of Belarus and Russia.

He is married, with two grown-up children.

Aleksey Bolshakov's appointment as first deputy chairman of the Russian Federation Government indicates that Russia's relationship with the CIS really is deemed to be a priority. Aleksey Bolshakov is responsible for

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economic ties with the CIS. At the same time this testifies to the high assessment of his work in what is, for us, an important international association.

Aleksey Bolshakov's vice premiership began in November 1994, when few people in the country knew him. However, in St. Petersburg his name was linked to two highly publicized projects — the setting up of "Disneyland" on the basis of foreign investments, and the planning of the Moscow-St. Petersburg high-speed main railroad. The northern capital also remembers him as an outstanding economist who headed the Leningrad City Soviet Executive Committee planning commission, and as one of the initiators of economic reforms in the city.

After becoming head of the CIS Interstate Economic Committee, Aleksey Bolshakov did much to galvanize integration processes within the Commonwealth. Among the achievements here, mention should be made of the Customs Union. He devotes much effort to making sure that the Payments Union and its main organ, the Interstate Bank, can function properly. This is necessary in order to consolidate the links between the new independent states and strengthen their national currencies and domestic and foreign trade turnover.

How Can I Help the President? Everyone Working in the Country's Leadership Should Ask Themselves This Question, in Viktor Ilyushin's View

Personal file: Viktor Ilyushin, prior to his present appointment, held the post of senior aide to the Russian Federation president. He was born 4 June 1947 in the city of Nizhniy Tagil, Sverdlovsk Oblast, in a workers' family. He graduated from the Urals Polytechnical Institute in 1971. His educational specialty is electrical engineer. He is a graduate of the Social Sciences Academy in Moscow.

He worked for six years as a fitter at the Nizhniy Tagil Metallurgical Combine, then went over to Komsomol [Communist Youth League] work: He was first secretary of Sverdlovsk City Komsomol Committee, then the oblast committee. He was then appointed deputy chief of Sverdlovsk Oblast Party Committee organizational section. For a number of years he worked in Boris Yeltsin's apparatus: as aide to Yeltsin in the CPSU [Communist Party of the Soviet Union] Central Committee and Moscow City CPSU Committee, and as aide to the chairman of the RSFSR [Russian Soviet Federated Socialist Republic] Supreme Soviet. In 1991-1992 he was leader of the Russian president's secretariat, then senior aide to the Russian Federation president.

He is married, with grown-up children — a son and a daughter. He enjoys sport — he plays tennis.

Viktor Ilyushin, the new vice premier responsible for social policy, is also from the president's inner circle and was until recently his senior aide. Unlike many, he preferred to remain in the background, kept journalists at a respectful distance, and only recently became more open. Approximately a month ago, at a meeting with journalists, Ilyushin was the first to announce Yeltsin's intention to enlist for further work all the colleagues who had played an active part in the preparation and conduct of the election campaign.

Time has revealed that the president is fulfilling his intention very consistently. Thus, Ilyushin's predecessor Yuriy Yarov, who was responsible for social policy until recently, has, thanks to his notable work prior to the elections, moved to the Presidential Staff.

Ilyushin now has to resolve the disagreements between the Pension Fund and the Ministry of Social Protection of the Population (the pension problem is one of the most acute in the country today, the Pension Fund budget deficit has attained 7 trillion rubles [R], and delays in paying pensions have become a real disaster in many regions). He will also have to regularize the receipt of budget funds for the payment of wages and rack his brains over how to eliminate these debts too. The medical insurance system, whose functioning certainly cannot be deemed normal, will also be the new vice premier's headache.

Another quotation from V. Ilyushin: "Despite all our president's potential, I think it will be very difficult for him to combine an enormous quantity of individual and perhaps insignificant questions with the global, strategic tasks of implementing reforms in the country."

Well, now Viktor Ilyushin has a splendid opportunity to help the president. After all, unless the simplest, most pressing, mundane problems are resolved (and this, in essence, is what the ministries and departments forming the social bloc deal with), further progress will be none too rapid.

First Banker in Power. Vladimir Potanin's Appointment Is the Biggest Surprise Within the "New Blood" Program Which Has Been Announced

Personal file: Until today's appointment Vladimir Olegovich Potanin was president of one of the biggest Russian commercial banks — the UNEXIM Bank. He was born in 1961 and graduated in 1983 from the Moscow State Institute for International Relations with the specialty of an international economist. In 1983-1991 he worked at the Ministry of Foreign Trade, and in 1991-1992 was head of the Interros Foreign

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Economic Association. In 1992-1993 he was vice president and then president of the Mezhdunarodnaya Finansovaya Kompaniya [International Finance Company] joint-stock commercial bank. Since 1993 he has been president of the UNEXIM Bank.

He is married with a son and a daughter.

Potanin is unknown to the public at large and so needs introducing. He is already the third representative of the banking community "coopted" into the government. Although this assertion is pretty relative: The current Central Bank chairman spent only one financial season as vice president of Imperial Bank. While Agriculture Minister Khlystun spent almost the same amount of time in a similar capacity at Agroprombank.

It is difficult to present such a nonpublic and low-profile figure as Potanin. He avoids any contacts with journalists (in three years he has given virtually only one news conference in his own country and one in Switzerland), which makes it possible to judge his human qualities and preferences only from afar.

In this sense the new-fledged first vice premier will have to master the sphere of public politics, which has been an unknown quantity to him hitherto because his great success has been in a field which is a closed book to many people. In any event, the rise of UNEXIM Bank, of which he has been head since the day it was formed, has been dizzying. While other banks have collapsed, in three years UNEXIM has managed to consolidate its position in the top five in any ratings. And it was judged by EUROMONEY magazine to be the best bank in Russia in terms of 1994 and 1995 results.

National economic questions are the new area of problems which the recent banker has only previously encountered as an "agent of the government" on certain matters.

V. Potanin first made a big impression at a government session last spring when he proposed on the behalf of business circles that shares-for-loans auctions be held instead of money ones. Incidentally, this was virtually the first ever speech by any banker at a government session. By no means everybody reacted unambiguously both to the idea and to the shares-for-loans auctions themselves.

Nevertheless their initiator not only got them held but also got absolutely everything he had planned. And it would probably have been strange to imagine that shares in the Norilskiy Nikel [Norilsk Nickel] combine, which is part of the Interros financial and industrial group in which UNEXIM Bank has the role of financial backbone, would go to anyone else. What is surprising is that all the subsequent scandals around this deal not only passed the bank and its chairman by but also increased their clout in business circles.

In general you get the impression that throughout these three years the credit institution headed by Vladimir Olegovich has been moving along a strict trajectory without deviating from the goal ahead. The bank's establishment on the world stage also fits in with this. Take the following, for instance: The bank is as yet the only one in Russia with its own branch with a full Swiss license — the Banque UNEXIM in Geneva.

The first thing V. Potanin will have to deal with in his new capacity is the meager revenue coming into the treasury, the budget crisis, and defaults. Of the income of R12.4 trillion expected this year from privatization, only R415 billion has been received as yet. And the current situation is remarkably reminiscent of last year's. The expiry date for last year's shares-for-loans auction deals, Norilskiy Nikel among them, is also very close. And here V. Potanin will encounter a rather tricky conflict of interests. As vice premier, concerned for the treasury's interests, he should seek an extension of the term of the deal. As bank president, he has an interest in seeing the combine's shares transferred to UNEXIM Bank ownership. If that happens while Potanin is vice premier, there will be no escaping charges of lobbying for corporate interests. While the Swiss press, not quite a year ago, was writing about a pro-state bank, the Russian press did not hesitate to describe it as the "Reichsbank."

It is quite obvious that V. Potanin's appointment should also change the government's view of the problem of repatriation of Russian capital abroad. It is no accident that our biggest banks have acquired their own branches in offshore zones, and UNEXIM Bank is no exception. Well-oiled procedures for converting "Russian dollars" abroad into Russian rubles inside the country, the auspicious aura of a banker, and the post of first vice premier — all this could have a highly positive effect on the return of exported capital to the country.

But even this optimistic scenario is not without pitfalls for Vladimir Potanin. A mighty influx of foreign currency into Russia, strange as it may seem, could complicate our relations with the IMF. It is here that V. Potanin will apparently feel less comfortable than Aleksandr Shokhin and Anatoliy Chubays, who worked with the international creditors before him. But it remains to be hoped that under Vladimir Potanin these problems will be resolved as successfully as problems in the UNEXIM Bank.

He Has the Key to the Cash Desks in His Pocket. Receiving the 'Stripes' of Vice Premier and Finance

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Minister at the Height of a Budget Crisis Is Not Much of a Present

Personal file: Aleksandr Yakovlevich Livshits was born 6 September 1946 in Berlin (Germany) and graduated from the Moscow Plekhanov Institute of National Economy. He is a doctor of economic sciences and professor. In 1971-1972 he was a graduate student, teacher, lecturer, professor, and faculty chief at that institute. In 1992-1994 he was deputy chief of the President's Analysis Center; from November 1994, he was aide to the Russian Federation president.

Recently everything has indicated that he was finding the post of presidential aide on economic questions rather restricting. It was no accident that as soon as it became known that Livshits was on the short-list for promotion, people started talking about who would take his place: Everyone acknowledges that he had an exceptional influence on the president, being, in the best sense, the bulwark of market forces in the upper echelons. Livshits himself will have to manage a wide range of issues — budget issues, taxation, currency control.... Russian experience has not previously seen such a combination of responsibilities at the level of vice premier. Let us wait and see how Livshits himself interprets their meaning; let us hope he will remain true to his habit of talking to journalists regularly. Rereading those reports and interviews now, after his appointment, is particularly interesting, especially since the president's economic aide has never concealed his views. So this is what Aleksandr Livshits thinks...

About Defaults

"The fundamental question is, are they an indicator of the nonviability of the economic system, the impossibility of working in market conditions, or does the cause of the huge debts lie elsewhere? So, the real picture is this: 40 percent of defaults arose because the money was just...stolen. Another 40 percent is due to poorly regulated relations with the budget. In some places, for instance, the budget owes as much as it is owed, so the debts could, in principle, cancel each other out. And only 20 percent are real defaults. But 20 percent is the usual level of defaults even in countries with a real market economy. So the situation is by no means hopeless."

About Budget Finance

"Banks are a law unto themselves. How many times has the question of authorized banks entitled to hold budget accounts been discussed before? After all, the idea is not to turn a stationary trough into a portable one. That is, the problem is not one of good or bad authorized banks which only have to be sorted out, the problem lies in the actual system of budget finance. It needs serious revision. And that is one of my main objectives after the elections.

"A different system of implementation of budgets — federal and local — is needed. Pension reform. And in general, a different approach to production management. Otherwise everything will go on being stolen, regardless of any bans or penalties. Because profits nowadays are such as to justify any crime..."

"Yes, I'm a real thug of a debt collector (on the subject of wage debts). But what can you do? Circumstances dictate it.

"Do you think the president has nothing better to do than to extract money from debtors and punish the culprits? Unfortunately, all this is because of the incomplete nature of the state system. Because not all the services are yet running on autopilot, when you only have to take the helm in order to carry out some maneuver or other. This is not the case. Everything has to be done manually. Although we are now fairly close to a proper management system."

About Russian "Monetarism"

"Unfortunately, the Russian version of 'monetarism' sometimes turns into making savings where savings should not be made — on wages and pensions, social allowances, education, culture.

"And there is no need for such a policy now: Inflation has been suppressed, production needs to be stimulated.

"In any case, it is already clear to us what must be done after the elections. The government's economic policy will, I think become more comprehensible to the majority of Russians and not as tough as before. At least we will not allow the reforms to turn entire strata of the population against the authorities."

About Management Reform

"In the transition to a market economy we were forced to keep a significant proportion of the ministries and departments. Some of them were regarded as purely temporary — like huts in which to sit out the bad weather. What happened then? They built another story on top of the hut, then another, a third, a fourth.... And they built a sauna next to the former hut. The people have a good life — why should they leave?! They are prepared to dig in around the hut and take up arms to defend it.... This is the Soviet way of problem solving. The civilized way is to understand when you are not needed in a given place and at a given time. If you are an expert, you can find work where it is really needed."

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About Inflation and Investments

"There is always a time lag between the reduction in the inflation rate and the lowering of interest rates. And it is very important to reduce that interval to a minimum. The necessary condition here is the utmost coordination of actions between the government and the Central Bank. And if interest rates are reduced to 30 percent this year, that means the economic upsurge has begun. Of course, we aren't going to get instant returns, but investments will come in, and a really perceptible impact should be expected as early as 1997."

About Monetary Reform

"There is no question of monetary reform. I have said that several times...."

About Financial Stability and Chechnya

"This example of maintaining stability in a country at war is worthy of the Guinness Book of Records."

Russia: Zhirinovskiy, Duma Officials, Others Comment on New Cabinet

LD1508205596 Moscow INTERFAX in English 1543 GMT 15 Aug 96

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] [no dateline as received] Presidential adviser Mikhail Delyagin thinks the rationalization of the cabinet structure and personnel changes will improve the efficiency of the entire system of executive power.

In a Thursday interview with Interfax he said the choice of the first vice premiers clearly indicates the priorities of the government economic policy: normalization in the social sphere, the improvement of finances and the development of high technologies.

The unprecedented strengthening of the financial group and especially rationalized control over the budget process give hope for a successful solution of budget problems and difficulties related to mutual debts, Delyagin believes.

Liberal Democratic leader Vladimir Zhirinovskiy told Interfax the new cabinet consists of "old cards" and does not contain a single striking personality.

In his opinion the new cabinet turned out extremely weak. Zhirinovskiy is convinced that with such a cabinet one should not count on a change of strategy, things will remain in their old places.

He also thinks Liberal Democrats and Communists could have offered more worthy cabinet members but opposition groups have not received any offers from the authorities yet.

Communist Duma member Valentin Kuptsov thinks that judging by the composition of the cabinet announced today great changes in policies are unlikely.

This cabinet will hardly take a tougher course and the fact that banker Vladimir Potanin was appointed first deputy premier only means the executive branch of power plans to pay more attention to financial and economic affairs, Kuptsov told Interfax.

The second man in the Communist Party — the leader Gennadiy Zyuganov is on holiday now — thinks the attitude of the Communist faction to the cabinet will be demonstrated during the first meeting with it during the debate on the 1997 draft budget.

President of Stolichny bank Aleksandr Smolenskiy thinks experience and professional qualities will permit the new cabinet not only to stabilize the economic situation but secure the expected economic growth.

It is very important that the cabinet was joined by one of the best members of the banking community because banks are market agents of government decisions, he added.

In the opinion of the Vice President of the Association of Russian Banks Vyacheslav Zakharov, bankers can be represented in the government because they have fairly broad views of the economy. "They are definitely market-minded," he said.

Deputy chairman of the Duma Budget Committee Aleksandr Zhukov does not see anything wrong in leading bankers and industrialists coming to power.

At the same time Zhukov fears that if a member of any commercial company joins the government, his interests may be one-sided because competition between major banks and industrial groups is quite acute.

Chairman of the Duma international relations committee Vladimir Lukin told Interfax that the new cabinet is not a government of professionals or influential politicians, but a government of clients three quarters of whom represent the president and the rest the prime minister.

In his opinion the same mistakes were made in forming the new cabinet as in 1991-1992. "Again the president assumed too great a personal responsibility by appointing his direct aides to the cabinet which will face very hard times," Lukin believes.

In his opinion it would be much better, if the new cabinet were more independent and responsible for its actions and the president would stand further away from the government.

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Chairman of the Duma budget committee Mikhail Zadornov described it as a new old government.

In his opinion Vladimir Potanin will be unable to outweigh all other cabinet members who remained in their seats. He thinks former presidential aides Viktor Ilyushin and Aleksandr Livshits will add nothing new to the operation of the government.

"A winner president has the right to form his government and it has a certain credit of trust but it will not be long because of the situation in the economy and in Chechnya," Zadornov said. He believes the credit will last out four two-three months, not half a year.

Meanwhile, deputy chairman of the Federation of Russian Independent Trade Unions Aleksey Surikov has expressed certain optimism over the appointment of Ilyushin first deputy prime minister in charge of social affairs.

Surikov said union leaders got a fairly good impression of their contacts with Ilyushin at the time he was the chief presidential aide. "He also attentively listened to our requests and proposals and gave us the support he could," the trade union leader said.

Russia: Structural Changes to Government, Apparatus Viewed

MM1608093596 Moscow ROSSIYSKIYE VESTI in Russian 16 Aug 96 p 1

[Commentary by Lyubov Tsukanova: "Radical Restructuring of the System of Executive Power in Russia"]

[FBIS Translated Text] Viktor Chernomyrdin, the head of the Russian Government, yesterday informed journalists of the edicts signed by President Boris Yeltsin on the system and structure of the federal executive organs and the composition of the Russian Government which he characterized as a "radical restructuring of the system of executive power in Russia."

Introducing the members of the newly formed Russian Federation Government, the prime minister drew journalists' attention first to the structural changes in the Cabinet to which two of the president's three "government" edicts are dedicated. The system of federal executive organs includes federal ministries, Russian Federation state committees, federal services, Russian agencies, and federal oversight bodies. Viktor Chernomyrdin described as "fundamental" the fact that departments defined as "functioning as a ministry" will disappear from the government. The number of departments has been radically reduced from 89 to 66 ("although it could have been more," the premier said). There will be 24 ministries instead of 25 but what has happened here is a redistribution of powers: Two ministries — labor and social protection — have been merged into one, the "ecology" ministry will be replaced by a state committee, and there are two new ministries — industry and natural resources. According to the premier, these changes, like the others, have been dictated by "those new tasks that the government will have to resolve in the near future and the long term." They are the activation of social policy, a shift toward investments in industrial production, control of the financial sphere, and the creation and consolidation of new market institutions. The elaboration of the new structure is based on the fact that, according to V. Chernomyrdin, it "must be comprehensible, simple, preclude duplication, and be oriented toward major intersectoral questions." The premier hopes that under the new structure there will be less bureaucracy and red tape and that the speed of decisionmaking will increase. To increase the manageability of and interaction among departments they are being combined into large blocs under the leadership of vice premiers for the economy, finances, social questions, resources, and so forth.

Of all the changes in the structure and personnel of the Cabinet the elevation of the status of the leader of the apparatus is not the most noticeable but it is extremely indicative: Vladimir Babichev, who remains in this post, will now be deputy chairman of the government. Viktor Chernomyrdin attributed this to the new tasks — the broadening of cooperation between the government and the deputies, parties, and social organizations as well as (and in fact fundamentally) more coordination with the Presidential Staff.

By all accounts the premier is extremely concerned by the talk of conflicts within the top echelons of power and throughout yesterday's "presentation" he repeatedly stressed that the country's executive is a united team, no one is infringing anyone else's prerogatives or passing the buck. "There is no need to create conflicts," the premier urged journalists and used his invariable and vigorous phrase: "This will not happen." That is, there will be no conflicts. It must be said that the Russians who cast their votes 3 July for a continuation of the reforms in the country are really counting on cohesion in the work of the presidential and government structures, better still when combined with constructive cooperation with the parliament.

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Russia: New Government Line-Up Said To Promise Political Stability

MM1608092896 Moscow ROSSIYSKIYE VESTI in Russian 16 Aug 96 p 1

[Article by Feliks Babitskiy: "New Cabinet Is Well-Oiled Team"]

[FBIS Translated Text] So, the president has ratified the new cabinet proposed by Viktor Chernomyrdin. Most of the deputy premiers and ministers from the former government have retained their posts. That makes the changes all the more interesting. They clearly reflect the alignment of political forces in the top echelons of power. This is particularly noticeable from the fact that there will be three first vice premiers.

Viktor Ilyushin has a strong reputation as a "member of the presidential team." He is linked to Boris Nikolayevich by many years of joint work. In terms of his influence on the adoption of certain decisions, observers have always put this politician at the top. Vice Premier Oleg Lobov is also a member of the president's closest entourage from the so-called Sverdlovsk period. Unlike them, Aleksandr Livshits has been Boris Nikolayevich's closest trusted adviser over the past few years. As the president's aide on economic matters he has seen out more than one minister and vice premier who dealt with the same problems in the government. Moreover, every new appointment or resignation and every edict regulating the Russian economy and finances is invariably linked to his initiatives. At his press conferences Aleksandr Yakovlevich has repeatedly criticized "White House" colleagues as the "powers that be." Finally, Valeriy Serov, the former minister for cooperation with the CIS countries, will be continuing work in the Cabinet as a vice premier. He is also linked to the president by his former work at the USSR State Committee on Issues of Architecture and Construction. By the nature of their relationship with Boris Yeltsin these people can approach him directly.

It is also important that the Cabinet is a well-oiled team. In this instance, this ensures that representatives of the "Chernomyrdin team" predominate in the "White House." Their names are well-known. Thus, Aleksey Bolshakov has been promoted to first vice premier. It is particularly important that Vladimir Babichev remains leader of the government apparatus, and he has been elevated to vice premier. Oleg Davydov, who has been confirmed as vice premier and minister of foreign economic relations, is also close to Viktor Chernomyrdin. All these people are in the "White House" at the premier's personal initiative and have been reliable proponents of his policy throughout this period.

A fundamentally new and therefore rather vivid figure in the government is the prominent entrepreneur Vladimir Potanin. Until recently he had been head of UNEXIM Bank — one of the most influential banks in the country. Vladimir Olegovich has now become first vice premier. We still know little about him. He is the youngest Cabinet member at 35. A specialist in international economics, he was one of the first to successfully embrace the harsh world of the market — he successively headed the Interros Foreign Economic Association and the Mezhdunarodnaya Finansovaya Kompaniya [International Finance Company] Joint-Stock Bank. He rarely smiles and speaks perfect English. He is thought to be a supporter of radical economic reform, which puts him close to the position of the Presidential Staff, headed by Anatoliy Chubays. In terms of the nature of his activity Vladimir Potanin will be in charge of economic issues. Whereas all the aforesaid appointees are called upon to ensure continuity with the previous policy, Potanin's appointment should slightly adjust it in favor of the free market.

As for the other vice premiers and ministers, they are specialists who were mostly in the previous Cabinet for the very reason that they exhibited exceptional businesslike qualities without any personal predilections.

Thus, the government includes representatives of the presidential team, moderate pragmatic reformers — to all intents and purposes Viktor Chernomyrdin's Russia Is Our Home — radical reformers, even moderate supporters of a "strong state" (the current defense minister and the Security Council secretary are among the leaders of the Congress of Russian Communities), and, of course, "nonparty specialists." Overly ambitious reformers from the Yavlinskiy team who had embarked on the road toward a split have not become part of the government. But the elections showed the extent of their real influence.

Incidentally, the ministerial posts of health, culture, natural resources, industry, and railways, as well as the vice premiership responsible for "science and education" issues, remain vacant. Addressing journalists, Viktor Chernomyrdin hinted that even members of the opposition could be invited to take up these positions. It cannot be ruled out that this will happen. Moreover, Viktor Stepanovich will be gallantly inviting a woman to join his Cabinet.

We have yet to learn how capable the new government will be of implementing reform. But its makeup already attests quite eloquently to its ability to maintain political stability.

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Russia: New Cabinet Division To Tackle Social Questions

LD1508161096 Moscow ITAR-TASS in English 1552 GMT 15 Aug 96

[By Gennadiy Yezhov and Natalia Kosareva]

[FBIS Transcribed Text] MOSCOW, August 15 (Itar-Tass) — Russian Prime Minister Viktor Chernomyrdin told journalists today that the new government will have a special division to coordinate work in the social sphere.

"For the first time in the practice of work of the government of Russia, it has set up a social division with First deputy chairman of the government Viktor Ilyushin at the head," Chernomyrdin stressed when unveiling the new composition of the Cabinet of ministers in the House of the Government on Thursday.

The Ministry of Labour and Social Development formed on the basis of the former Labour Ministry and the Ministry of Social Insurance, as well as the Federal Employment Service, will take an important place in the social division headed by former first aide to the president of Russian Viktor Ilyushin.

The creation of a special division in the Cabinet "must facilitate comprehensive solution to social issues both at the federal and the territorial levels," the prime minister said.

"The intensification of the social policy, a turn towards production and investments in the industry, the need for a tight control in financial matters, as well as the creation and consolidation of new market institutions, all these are priorities which require their own government structures," Chernomyrdin stressed.

"This system was created by the presidential decrees signed on Wednesday. It was made simpler and easier to understand, is rules out duplication and is oriented towards major inter-sectoral problems," the prime minister stressed.

Chernomyrdin said that the restructuring of the bodies of executive power, including the government, was "quite radical."

"Even though we should probably have done more cutting, the president and myself, we decided not to make haste but to move in this direction step-by-step," Chernomyrdin said.

Russia: Tuleyev 'Evasive' Over Possible Role in Government

MM1508155596 Moscow ROSSIYSKAYA GAZETA in Russian 16 Aug 96 p 5

[Report on telephone interview with Aman Tuleyev, "one of the leaders of the Russian Communist Party," by Stas Stremidlovskiy under the "Opposition Position" rubric: "Make Me an Offer"]

[FBIS Translated Text] This week, as the press has reported, Aman Tuleyev, one of the leaders of the Russian Communist Party, issued a statement calling on the opposition to cooperate with Yeltsin and Chernomyrdin in forming the government. ROSSIYSKAYA GAZETA's correspondent called Aman Gumirovich and asked him to comment on this statement.

[Tuleyev] "The people's choice, made on 3 July, is a fact that must be reckoned with. Therefore I believe the opposition's position with regard to the existing authorities should be reviewed. There has been enough fierce criticism, it is time to get down to constructive dialogue. Yes, any government makes mistakes. So offer a reasonable solution, display a businesslike approach. I therefore think the opposition should participate in the work of the government and regional administrations, but this means working, not holding rallies."

Incidentally, when ROSSIYSKAYA GAZETA's corespondent asked him directly whether he had been invited to join the government, Aman Tuleyev gave an evasive answer, stating that "I would not wish to discuss this topic yet."

Russia: Sagalayev Said in Line for Deputy Premiership

MK1508134196 Moscow OBSHCHAYA GAZETA in Russian 15-21 Aug 96 No. 32, (signed to press 14 Aug 1996) p 8

[Report by Anna Politkovskaya: "Sagalayev, Too, Is Now Expected in Arkhangelskoye"]

[FBIS Translated Text] Arkhangelskoye means cozy government dachas for Russia's top bureaucrats near Moscow, behind a tall fence. What people used to live there.... Many of the publicly funded little houses are currently undergoing a total sanitary cleaning before new tenants move in.

It is possible that the well-known journalist and television administrator Eduard Sagalayev and his family will take up residence in Arkhangelskoye. One rather informed source has told OBSHCHAYA GAZETA that precisely he, chairman of the All-Russia State Television Company (Channel Two), has been invited to

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take a deputy premier's post in the new Cabinet of Ministers. The television company is said to be unanimously sad — they have already gotten used to Eduard Mikhaylovich [Sagalayev], who was only appointed at the start of the presidential campaign to "correctly" direct Russian television instead of Oleg Poptsov.

According to set tradition, there has always been in the government one deputy premier in charge of the operation of the mass media, namely: to speak at various journalistic forums, congresses, and conferences in support of the press; and to facilitate the passage of all sorts of presidential edicts and government directives lobbying for (or against) mass media interests.

At first the journalistic community lived with Yuriy Yarov in this position. In recent times the post was held by Vitaliy Ignatenko, who combined it with being ITAR-TASS general director. After 3 July, rumors began to trickle around Moscow that Vitaliy Nikitich [Ignatenko] was the only member of the outgoing cabinet to have handed in a request to resign of his own accord even before the official dissolution of the government. A deed worthy of respect.

Thus, the position of mass media supervisor carrying the rank of deputy premier seems to have been offered to Mr. Sagalayev, whose journalistic career has been described in such detail by all newspapers and magazines without exception that there is hardly a single citizen left in this country who does not know how bravely Eduard Mikhaylovich fought for a new life on the television program "Dvenadtsatyy Etazh" ["The Twelfth Floor"], how selflessly he labored on the legendary "Vzglyad" ["Viewpoint"], how in an act of self-denial he sold his own car to create the TV-6 channel.

It is rumored that Sagalayev has agreed, even gladly — an ambitious man! Journalists, however, can feel rather pleased, too: their interests will be represented by someone who has the position of president of the International Confederation of Journalists Unions, in addition to all the other positions.

Russia: Lebed Holds News Conference in Groznyy; Promises More on 16 Aug

LD1508174496 Moscow Russian Television Network in Russian 1600 GMT 15 Aug 96

[Video report by S. Zenin, including news conference given by Aleksandr Lebed, Russian Security Council secretary, in Groznyy on 15 August, questions by unidentified correspondents; from the "Vesti" newscast — recorded]

[FBIS Translated Text] [Zenin] The Chechen republic's leading bodies were very impressed by the news that Aleksandr Lebed was to arrive in Groznyy. Doku Zavgayev was among the first to come to Severnyy airport. Aleksandr Lebed arrived straight at the military base of Khankala. The most senior military officers gathered in the office of the commander of the group. We learned from sources in the headquarters of the federal command that Lebed had read out the Russian president's edict on settling the Chechen crisis. The document emphasized the role of the Security Council. And, according to information from people close to the Security Council's secretary, a new job is being sought for Doku Gapurovich Zavgayev. It remains unclear how this move will agree with his recent election to the post of head of the Chechen republic by all the people.

In his striving to normalize the situation in Chechnya, Lebed will rely on new personalities, which will most certainly include leaders of the separatists.

[Lebed] There is a man of authority, his name is Maskhadov, there are armed forces that enjoy prestige. We have met and talked with him. I have not met Yandarbiyev.

[Zenin] Nevertheless, Aleksandr Lebed is planning to meet Yandarbiyev in Chechnya today.

[Correspondent] Is there clarity as to who has started or is it such a messy thing that it is impossible to say? [question as heard]

[Lebed] Preparations for the operation were begun as early as 16 June. It is clear who started it.

[Correspondent] Is it clear why they were allowed through? [question as heard]

[Lebed] Yes, it is clear but I will not tell you.

[Correspondent] Aleksandr Ivanovich, there is a view that it is a commercial war.

[Lebed] It is a commercial war indeed.

[Correspondent] But two sides are needed for a commercial deal!

[Lebed] And there are two sides taking part, and in this case there are even four sides, according to my information, but maybe I am wrong. But I will not name them, let an investigation do this.

[Correspondent] At your latest news conference you said that someone would like you to break your neck on this problem. Who is basically interested in this?

[Lebed] Would you like me to give specific names?

[Correspondent] Of course, if possible!

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[Lebed] At a news conference at 1500 tomorrow I will start to name the heroes of this war, individual names, one by one, and with proof.

[Correspondent] In Moscow or here?

[Lebed] In Moscow. [video shows Zavgayev, Pulikovskiy, and other military waiting at Groznyy airport; Lebed dressed in civilian clothes on a walkabout]

Russia: Livshits: Stricter Control for Financing of Chechen Affairs

LD1508201896 Moscow Radiostantsiya Ekho Moskvy in Russian 1500 GMT 15 Aug 96

[FBIS Translated Excerpt] Government Chairman Viktor Chernomyrdin today presented the new make-up of the council of ministers. The subject is continued by our correspondent Ivan Trefilov:

[Begin recording] [Trefilov] The presentation of the renewed make-up of the government has shown that neither the prime minister nor the president like suddenly changing their team completely. Only Chernomyrdin's first deputies were all changed. [passage omitted]

Most of the other officials have remained in their previous jobs. Assessing the make-up of the cabinet and also his "forces," Viktor Chernomyrdin promised to move mountains:

[Chernomyrdin] Russia is an immense country and consequently the problems are immense. Everything should be kept not only under control but also organized, and questions and problems should be tackled. So do not try to find a confrontation here. This will not happen! It won't. It won't. Nobody will take away my powers as chairman of the government. They have been defined. No one will decide my problems for me — no one.

[Trefilov] The prime minister said that, as before, the economic reforms remain the main tasks for the government. Vladimir Potanin has been entrusted with getting them moving. Potanin himself is setting about his new work with optimism:

[Potanin] I believe that now the financial situation in the country's life is not a simple one. But it does not give grounds to say that some collapse, which is being predicted by some, is possible. I think that the government has all the levers needed to retain control of this situation, above all to cope with this year's budget problems by increasing the tax take in the period remaining and spending it rationally. Next year's budget should, it seems to me, be a budget, which will not only make ends meet but also ensure the foundation for the start of economic growth, even though I have had to note negative trends.

[Trefilov] Meanwhile the prime minister also recalled another sore topic: the resolution of the Chechen crisis. Chernomyrdin said that all members of the government would, within the framework of their powers, help Security Council Secretary Aleksandr Lebed. In particular, as Aleksandr Livshits continued, the government would start controlling more strictly the financing of Chechen affairs:

[Livshits] The financing of expenditure should be determined by two circumstances: there should be enough of it for the federal forces there to tackle the tasks they are being set — otherwise setting these tasks is completely pointless — and, second, so that the vital support systems for the people, the overwhelming majority of whom are innocent, function. Without these systems they cannot survive. Of course, both problems will be tackled within the framework of the potential of the Russian federal budget at the present time.

[Trefilov] For the time being the formation of the cabinet has not been completed. The posts of one deputy prime minister and also of a number of ministers remain vacant. In particular the president and the prime minister are still who will be in charge of the ministries of culture, health and industry. Viktor Chernomyrdin did not rule out that representatives of the opposition could be appointed to these posts. The main thing is that they should be professionals, the prime minister stressed. [end recording]

The first sitting of the government in its new make-up is to take place on 22 August. It will examine the draft budget for next year.

Russia: Top Editors Vow Antiwar 'Action' in Press

MK1508134796 Moscow OBSHCHAYA GAZETA in Russian 15-21 Aug 96 No. 32, (signed to press 14 Aug 1996) p 1

[Interview with chief newspaper editors: V. Simonov, KOMSOMOLSKAYA PRAVDA; P. Gusev, MOSKOVSKIY KOMSOMOLETS; A. Potapov, TRUD; N. Chaplina, CHAS PIK; V. Starkov, ARGUMENTY I FAKTY; V. Tretyakov, NEZAVISIMAYA GAZETA; A. Pankov, KURANTY; and V. Volin, MEGAPOLIS-EXPRESS, by Anna Politkovskaya; place and date not given: "What Is To Be Done?..."]

[FBIS Translated Text] So, what are we to do? The war goes on — the journalists are writing about it, and making footage. Everything is in its place, and the mass media cannot reproach themselves with insufficient attention toward the Chechen tragedy.

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Yet the futility and pointlessness of any further exposes is already self-evident. Exposes are perused by politicians, and they could not care less. Exposes are scanned by readers, who push the newspaper deep into their pockets and go their usual way: It is not "my" son, husband, brother, or son-in-law who is dying there; and when "mine" grows up the war will possibly have ended....

It won't. It is quite clear that for the umpteenth time in modern Russian history journalists have been left with no possibility to impact on the course of bloody events in their usual way. In August 1991 three people were killed, and the whole country bared their heads after Yeltsin, who publicly asked forgiveness for failing to preserve the lives of those three. In August 1996 hundreds and thousands died — nobody knows exactly how many.... So what? Neither repentance nor the baring of heads. The nationwide mourning for the Groznyy victims added up to nothing short of a farce. Once again the dots over the "i's" were transformed into the disgusting omission points of political expediency. The air is replete with passions zoological — not human. What are we to do?

In this situation we addressed the chief editors of some central [nationwide] publications with just one question:

"Do you think that today, just like in August 1991, it is necessary to undertake a massive journalistic action, pressing for an immediate halt of the war, a pullout of troops, and the right of the people of Chechnya for self-determination?"

[Valeriy Simonov, KOMSOMOLSKAYA PRAVDA] I do not believe in the power of journalists' solidarity. The past five years have shown that the voice of the press is totally stifled by the Kremlin walls.

[Pavel Gusev, MOSKOVSKIY KOMSOMOLETS] I fully support such an action — without any qualifications.

[Aleksandr Potapov, TRUD] I am ready to go ahead with this action immediately. It is no longer possible to follow in the wake of the absurd and illogical information that we have. Every day in the morning we hear one thing about Chechnya and something quite different in the evening. In this situation it is no longer a case of hysteria, but disrespect for the very principle of reporting information. We should demand an answer to the question: "ARE YOU FIGHTING OR NOT?" The only qualification is this: I would not talk rashly about such things as the right of the people of Chechnya to self-determination.

[Natalya Chaplina, CHAS PIK, St. Petersburg] I fully agree: Such an action is vital. We should be ashamed that we have not as yet done this, and it is not clear FOR WHAT we fought in August 1991 in the first place, if we allow the authorities to kill our citizens on our own territory, with nobody bearing any responsibility for this.

[Vladislav Starkov, ARGUMENTY I FAKTY] I believe that this is quite the right way to raise the question. This, in fact, has been my point of view since the war began. We should not keep silent and we must use all the influence of which we are capable.

At all times mankind has fought for its freedom to the end —nobody can stop here. Today we have already forced the people of Chechnya to hate us at the genetic level. It is too late to use any democratic procedures in this situation. So everything has to be decided irrevocably and at once — without negotiations. And we must leave without any conditions. Incidentally, I absolutely do not agree with Lebed when he says that Chechnya needs us while we don't need it. The Chechens have the right to verify whether they will be better or worse off without us. Chechnya is an independent territory, and nobody has ever given us the right to presume that they will not survive without us.

It would not be correct to say that I completely believe in the efficacy of collective journalistic actions. Yet, whatever the case might be, the main thing today is that this must be done by all means, even regardless of the consequences. The journalists should join this battle — now this is a point of honor to us.

[Vitaliy Tretyakov, NEZAVISIMAYA GAZETA] Your question links two different scenarios into one. 1. Yes, it is necessary to press for an immediate halt to the war. 2. I do not think that an immediate pullout of forces is a realistic proposition. I am not sure that if they are ordered to withdraw that the troops themselves would not turn back to Chechnya. I do not think that the pullout of troops will mean a resolution of the Chechen crisis, either for Russia or for Chechnya. 3. A joint action? I think that with respect to the Chechen issue, society and the mass media (even apparently belonging to the same camp) are positioned in a rather complex configuration in relation to each other. There is not a uniform point of view — either based on emotions or on merit. A uniform position today is impossible — either in society or in the mass media. The experience of particular public figures assuming positions of power — among those who boldly criticized the Kremlin action — shows such a person changes his position on Chechnya all too quickly. Not because this is hypocrisy, treachery, and so forth. This is a GIVEN.

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Even so, where ALL mass media could unite is in demanding full responsibility by politicians for their decisions and subsequent actions.

[Anatoliy Pankov, KURANTY] I allow for precisely this option: Each people has the right to self-determination. Possibly, the population of Chechnya should be polled. Or there could be some other way of eliciting the opinion of the whole population of Chechnya. If there is a clear-cut answer in favor of separation or broad autonomy, the Russian Government will then have to guarantee exit and resettlement to those who supported it in the Dudayev times. The expenditures for this will be less than the funds allocated for the war.

At first I was sure that it is impossible to conduct reform and wage war at the same time. Even so, initially I was quite tolerant of what was going on. Yet, when it so happened that military actions took on a protracted and very bloody character, I revised by point of view: A surgical operation should be rapid, or otherwise the patient will die. Moreover, the aim of any action is to live in peace, not to shoot.

Now the situation has aggravated — moreover, precisely in the political respect, not even militarily: The president has not kept his word, and the consequences can be so deep that they will be incomparable even with the present state of things. So the journalists should act: The president cannot fail to listen to the collective voice of those who supported him.

[Vladimir Volin, MEGAPOLIS-EXPRESS] I am sure that some journalist action is needed, but I do not know yet what could really work. I am afraid that today I cannot name a single move by the mass media that could draw the government's attention: We are living on different planes and talking different languages. [interview ends]

The aggregate circulation of these newspapers is approximately 10 million copies. They have a readership of no less 20 million. Moreover, judging by the opinion polls, approximately 60 percent of the country's population speaks in favor of an immediate termination of the war. Now, is this not a real force!

We believe that Russian society should be involved in the resolution of this most difficult task today to the degree possible; otherwise it will not work out. Only the mass media are capable of galvanizing society into action. The top-priority task on the agenda today is to create a powerful antiwar movement and, as a first step toward it, a large-scale antiwar action which, like the miners' desperate call, the Kremlin should heed. We promise to think of how best to prepare and conduct it.

Russia: Variant Report on Edict on Security Council Apparatus

MM1508185496 Moscow KRASNAYA ZVEZDA in Russian 16 Aug 96 p 1

[Own information report: "Defense Council Gets Its Own Apparatus"]

[FBIS Translated Text] By an edict of 14 August Russian Federation President B. Yeltsin approved the Statute on the Russian Federation Defense Council Apparatus. The Statute states that the Defense Council apparatus is an independent subcomponent of the Presidential Staff and has the status of a presidential main administration. The Apparatus' main tasks are: to provide organizational and technical backup for the Defense Council's activity in exercising its powers in the field of military organizational development and implementing highly important Russian Federation Security Council decisions on strategic questions of defense policy and also to provide informational and analytical backup for the Defense Council's activity relating to current problems of military organizational development and defense security.

The Defense Council secretary is tasked with overall leadership of the Apparatus' activity [note referent item attributes this role to the Security Council secretary], while the leader of the Defense Council Apparatus handles day-to-day leadership.

Russia: New System To Put Edicts Through Presidential Staff

MM1408180696 Moscow ROSSIYSKIYE VESTI in Russian 15 Aug 96 p 1

[Unattributed report from the "President" column: "Mechanism for Preparing Edicts Regularized"]

[FBIS Translated Text] Head of state Boris Yeltsin has regularized the procedure for the preparation of his edicts and directives and their passage through the [Presidential] Staff. In accordance with a Russian Federation presidential directive, the submitted draft of an edict or directive of the Russian Federation president is to be sent for expert legal review to the Main State and Law Administration of the Russian Federation President, and thence to the office of the head of state for coordination with the appropriate aide to Boris Yeltsin.

Draft edicts and directives of the head of state that have been agreed with the Main State and Law Administration and the Russian Federation president's aides are to be submitted by Valeriy Semenchenko, deputy chief of the [Presidential] Staff, direct to Anatoliy Chubays, chief of the Presidential Staff, who makes a decision on

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whether the draft is ready for submission to the Russian Federation president or needs further work.

Draft edicts and directives which have been submitted to the Russian Federation president in violation of the procedure established by this directive and have been signed by Boris Yeltsin may be promulgated by the office of the Russian Federation president only following a direct instruction by the president to his chief of staff or the head of his office.

Monitoring of the implementation of this directive is the responsibility of Deputy Chief of Staff Valeriy Semenchenko, the document says.

Military & Space Issues

Russia: Rodionov Says Reduction in Army, Navy 'Inevitable'

LD1608094296 Moscow INTERFAX in English 0911 GMT 16 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 16 (Interfax) — Russian Defense Minister Col. Gen. Igor Rodionov has said that further reduction of the strength of the country's army and navy is inevitable.

"The strength of the Armed Forces, their equipping and provisioning should be in conformity with the real economic means of the state. In an adverse case we shall have what we have now: there are no assets even to pay allowances to the servicemen," he told Interfax.

At the same time he said it is necessary to preserve combat efficiency of the strategic nuclear forces and to ensure extended development of the military-space program.

According to Rodionov, reduction of different kinds of Russia's Armed Forces will be implemented in different proportions. "Everything will depend upon their role and place in the system of the state's defensive capacity," he said.

"Creation of a small, mobile and well-equipped army must be our final goals," he said.

The major aim of military reform is not only to create a new army and fleet but to re-organize the whole defense system of the state in order to strengthen its abilities to repulse possible aggression and to comprehensively reinforce the Armed Forces in the peace time.

The authorized strength of Russia's armed forces now totals about 1.7 million servicemen.

Russia: Black Sea Fleet's Kravchenko Rebuts Ukrainian Claims

MK1408132996 Moscow NEZAVISIMAYA GAZETA in Russian 13 Aug 96 p 3

[Unattributed report]

[FBIS Translated Text] During a press conference in Kiev early in August, Volodymir Bezkorovaynyy, commander of Ukraine's naval forces, said among other things that there were no problems between the Ukrainian and Russian fleets and that "it is politicians who are trying to foist" them [upon us]. The Black Sea Fleet commander, Admiral Viktor Kravchenko, assessed such statements by Ukraine's naval chief as an attempt to "reverse the negotiating process with regard to the fleet."

Viktor Kravchenko condemned Volodymir Bezkorovaynyy's contention that "the Black Sea Fleet lives totally at Ukraine's expense and Russia only pays monetary allowances to Black Sea Fleet sailors." In the words of the Black Sea Fleet commander, at the present time, "Not only does Russia maintain the Russian Black Sea Fleet, but owing to the lack of status of the Black Sea Fleet, the naval forces of the Ukrainian state as well." "As for Mr. Bezkorovaynyy's statements with regard to the intentional breaking up by Black Sea Fleet naval personnel of ships being turned over to Ukraine, they belong in the realm of fancy," Mr. Kravchenko said.

At the same time, the Black Sea Fleet commander expressed confidence that the presidents of Ukraine and Russia "proceeding from shared interests, will find a sensible political decision with regard to the Black Sea."

Russia: Molniya-1 Launched from Plesetsk Space Center 16 Aug

LD1608092996 Moscow ITAR-TASS in English 0904 GMT 16 Aug 96

[FBIS Transcribed Text] MISSION CONTROL CENTRE, August 16 (Itar- Tass) — A new communications satellite Molniya-1 (Lightning-1) was launched into space from Russia's northern space centre Plesetsk overnight on Friday [16 August].

The satellite will maintain the operation of the transcontinental telephone and telegraph communications, as well as relaying television programmes to receivers of the Orbita network.

The satellite was taken to a high elliptical orbit with its apogee at 40,828 kilometers over the northern hemisphere and the perigee at 498 kilometers over the southern hemisphere by the Molniya booster.

Its period of revolution around the Earth is 12 hrs 17 min., and the orbit inclination is 63 degrees.

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Communications sessions via the Molniya-1 satellite will be carried out in conformity with the assigned programme.

Federal Assembly

Russia: Deputy Speaker Yuryev Assesses Duma's Performance

MM1608100196 Moscow ROSSIYSKAYA GAZETA in Russian 14 Aug 96 p 3

[Interview with State Duma Deputy Chairman Mikhail Yuryev by Anna Kozyreva; place and date not given: "The Duma Has Sufficient Power. It Is Just That It Is a Different Kind of Power. That Is What State Duma Deputy Chairman Mikhail Yuryev Believes"]

[FBIS Translated Text] [Kozyreva] Mikhail Zinovyevich, how would you assess the results of the State Duma's activity before the recess?

[Yuryev] I think that the Duma is gradually getting into the normal swing of implementing its main function — lawmaking. I think that the process started two and a half years ago, since the continuity between the current Duma and the previous one can be felt very strongly from within. So, for two years the Duma has been trying to find its role in the country's political and social structure as a whole. Unfortunately it has not entirely succeeded in this. I think that that is why certain deputies have the impression that the Duma has insufficient power (which I personally categorically disagree with). Hence the Duma's certain steady continuity in terms of its opposition to the president and the executive power headed by him. And party affiliation has nothing to do with this.

[Kozyreva] Do you believe that the Duma is in fact starting to carry out the duties set by the Constitution more effectively now?

[Yuryev] The question of what it means to carry out legislative activity better or worse is a pretty abstract one, there are no criteria here — and not just formal ones. For example, some people say that the Duma has adopted far more laws in the past six months than the previous Duma did in any six month period in its activity. Others object that these laws are mainly "focused" laws, rather than general ones. Of course, on the one hand the number of laws is not really a criterion, and on the other hand, nor is it really clear which are the "focused" ones and which are the general ones. For example, the most important law which any parliament in the world adopts — the law on the federal budget — is undoubtedly "focused." This is the law on the federal budget for the given specific year, and it naturally cannot be equated with a law like the Criminal Code. Nevertheless I do not think that anyone can say that it is an unimportant law.

It is not very clear what can properly be considered to be lawmaking work in general. I think that you can put it as follows: The number of gaps in the legislative sphere which are not regulated by law at all is decreasing. On the other hand, there are still quite a lot of them, but things are proceeding. And the main thing is that I can see that more and more laws are being discussed specifically as laws, rather than being used as a reason for political confrontation. I could cite many examples. For instance, the law on the legal profession was discussed in our country. This is one of the fundamental laws, and was proposed by the president. During its discussion, the left-wing section of the Duma upheld the same position as the president, not for political reasons, but through strictly practical considerations....

[Kozyreva] But Sergey Belyayev, leader of the Russia Is Our Home faction, spoke about this law as an example of the fact that the left-wing part of the Duma is blocking the adoption of very important laws.

[Yuryev] This is simply a misunderstanding! In theory you can always find a compromise if the will is there. Let me give you an example. The Land Code was passed in its first reading by almost 300 votes, and the Communists have 200-210, so it was passed thanks to the support of deputies from other factions too. The main question which was raised during the discussion was private ownership of land. The left-wing factions believe that a five-year moratorium should be implemented, and then things will become clear. The right-wing factions prefer a situation whereby land can be bought and sold freely. It seems that the positions are irreconcilable, but it is entirely possible to find a compromise. How? I believe that you could really implement a moratorium on private ownership of land for several years by restricting rights to the lease of land for five or even 10 years, but at the same time clearly stipulating that the leasing rights themselves are subject to unrestricted circulation on the market and unrestricted purchase and sale. That is, you cannot sell land, but you can sell your right to lease.

[Kozyreva] In your view, is the structure of the present Duma ideal, or do you have any proposals for changing or improving anything?

[Yuryev] I will try to answer several aspects of your question. The first is the actual internal structure of the Duma. In my opinion, there are clearly rather a lot of committees. This leads to a situation whereby in practical terms laws get stuck on their way through a whole series of committees. In theory, you can create

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as many as you like. There is the Committee for Motherhood and Childhood. It could be divided up into two committees — one on motherhood, and one on childhood. But what would they be involved in? You could even divide these: into younger schoolchildren and teenagers, and so on.

There is a similar situation as regards Duma deputy chairmen. We do not need six, which we have at present, but two or three. Then there is the Analytical Administration in the Duma, which contains no less than 59 people. And this is not G. Seleznev's invention: Under Rybkin there were nearly 70 people working in it. What is the administration's function? To prepare analytical material for the chairman? But after all, the chairman has a personal staff and advisers, and he simply does not need these 59 people. As deputy chairman I have never received any notes from the Analytical Administration. Another example. The Duma's Legal Administration does a great deal of useful work. In theory I am pleased with its work. But there are 117 people in it! No first-rate legal firm has so many people in it.

Apart from that, I think that given the existence of the Federation Council, there is no need for deputies from single-seat constituencies in the Duma at all. What is their function at the moment? Here is an example: Auntie Mary's roof is full of holes, and the local authorities are refusing to help her. So Auntie Mary appeals to her deputy — and that is right. But under the new Constitution, the Federation Council is now made up of regional heads. They have powers in their region, and do not need to ask anyone for anything. And therefore there is no need for the state to have the function of protecting Auntie Mary's interests. In this respect, a transiiton should be made to the principle of composing the entire Duma on the basis of party lists. At the moment the numerical strength of the Duma is tied to the number of districts — 225 one-seat districts. If everyone was elected on the basis of the party list, then the number of people in the Duma could be reduced. Of course this would require changes to the Constitution, but I think that this is one of those cases when amendments are needed in the interests of the cause.

[Kozyreva] Many parliamentarians think that the Duma does not have much power. Do you agree with this claim?

[Yuryev] To my mind, this is happening because of an incorrect understanding of the actual concept of what legislative power is. Foreign correspondents ask me: "Why has the president appointed A. Lebed as secretary of the Security Council without consulting the Duma?" But what has the Duma got to do with it? He is a worker of the president, the president has made the decision. If the Duma is dissatisfied with Lebed's work, it can adopt a new law on the Security Council and abolish the post altogether or reduce the powers to a minimum. The Duma can initiate the adoption of amendments to the Constitution and abolish the Security Council, or seriously reduce its powers without making any amendments. The parliament's legislative power is no weaker than executive power. It is simply different. And there is no need to add executive power to it.

The Duma has not yet learned to use its legislative power. Thus, officials do not turn up to the "government hour," sending insignificant officials to represent them, because there is no law that obliges them to do so. But who is preventing the Duma from adopting a Law "On Respect for the Parliament?" Under U.S. legislation a summons to the parliament is the same as a court summons. A second summons leads to a subpoena, and a refusal to answer questions in the parliament — criminal responsibility. People should use their legislative powers and not complain about government officials and try to reprimand them.

The Duma uses its power through finances even less. The Federal Assembly must adopt a package of laws on the mechanism for implementing the state budget. The banking systems through which it is implemented should be clearly determined. If the government budget does not suit the Duma, it can reject it at its first reading. The government will raise a vote of confidence and the Duma can vote on it.

[Kozyreva] What is your forecast as regards the government's work in the future?

[Yuryev] We should not expect any upheavals or confrontation either from the State Duma or from the Federation Council. And I hope that this is in fact true, and I am prepared to exert every effort for this to be achieved.

Russia: Upper House Rejects Human Rights Commissioner Law

MM1508132296 Moscow ROSSIYSKAYA GAZETA in Russian 14 Aug 96 p 6

[Article by Anna Vladimirova under the "Postscript to Document" rubric: "Let Nobody Take Offense. Federation Council Has Rejected Draft Federal Constitutional Law 'On the Russian Federation Human Rights Commissioner"]

[FBIS Translated Text] In the past we considered that the Soviet Constitution was the best constitution in the world and only citizens of the USSR had the very best rights and the firmest guarantee that

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they would be observed. Naturally, no human rights commissioner was needed. The party in general and the CPSU [Communist Party of the Soviet Union] Central Committee specifically were on the lookout for anybody violating anyone's rights anywhere and at any time. Which is why working people's complaints were dealt with specifically by the party organs. Each of us had an opportunity to seek justice first of all from the rayon party committee, then the oblast party committee, and finally from the Central Committee.

We have rejected the old procedure. The new one has, alas, not yet been enshrined in law. As we know, back in April the State Duma adopted the Federal Constitutional Law "On the Russian Federation Human Rights Commissioner." However, the Federation Council has not approved the law.

Certainly not because the law is unnecessary. But simply because the draft law submitted for ratification contained defects. And extremely significant ones at that. In the opinion of Vladimir Platonov, chairman of the Committee for Constitutional Legislation and Judicial and Legal Issues, the document that was submitted gave no indication as to the specific authority behind the commissioner: the legislative organ, the president, or the government. Given that it is unknown which authority is behind him, it is consequently also unclear to whom he is accountable. It has emerged that no one has been given the task of monitoring the human rights commissioner's activities. He, so to speak, has the last word. But the commissioner can also make mistakes. Is it at all possible that a person with such unprecedented powers is not monitored by anybody?

In the opinion of experts, the law would also not have worked because it did not define the range of issues with which the commissioner should deal and at what point people should turn to him. We are today building a rule-of-law state and any person can now appeal against the action of any official in any court right up to the Constitutional Court.

"For instance, it is necessary for the law either to prescribe that people should turn to the commissioner when all others means of establishing justice have been exhausted, in other words the complainant has already appealed to the court but the court's decision was unsatisfactory. Or possibly the commissioner could be approached immediately, bypassing the courts," Vladimir Mikhaylovich explains.

It is clear that the commissioner is burdened with a large workload; the law does not specify whether he has any representatives in the Federation components. Today local laws on human rights commissioners are already being adopted in the regions, therefore it is necessary to clearly define the system of commissioners in the federal legislation.

Moreover, Russia is now a member of the Council of Europe. It would, of course, be necessary to include in the law the answer to such a question as: In what circumstances does the Russian human rights commissioner appeal to the corresponding European institutions and are his activities in this instance regulated by international law or not?

Important observations on the law also came from the law enforcement agencies. For example, it contained an article which says that "the commissioner may demand that criminal and civil cases are instituted, as well as cases concerning administrative violations of the law, about which orders have come into effect." This norm is very tenuous as, in accordance with the Constitution, judges here are independent and submit only to the law. But what is happening here is that some individual interferes in the judges' activities and so to speak stands above them and controls them.

Incidentally, the upper chamber's rejection of this law has given rise to talk about the Federation Council blocking State Duma decisions. In connection with this, Vladimir Platonov noted that the Duma and the Federation Council are two participants in one legislative process and adopted laws are the fruit of their combined labor. For this reason Vladimir Platonov considers that "the sooner the State Duma deputies meet with our specialists and listen to our observations, the more competent and wise our laws will be and the fewer laws will be returned for additional work, meaning that they will be adopted more quickly."

Russia: Upper House Expected To Maintain Generally Pro-Yeltsin Line

MK1608065796 Moscow NEZAVISIMAYA GAZETA in Russian 14 Aug 96 p 2

[Report by Semen Shatskoy: "A Political Scientist Makes a Forecast"]

[FBIS Translated Text] Regardless of the outcome of the fall gubernatorial elections in Russia the upper house of parliament will, for at least another year, more often agree with the president than with his political opponents. This prediction was made at a press conference in Moscow yesterday by Vladimir Rimskiy from the Center for Applied Political Studies (INDEM), one of the leading election technology experts on Boris Yeltsin's team. The INDEM studies of the general patterns of the political process in the Russian Federation point to the following conclusions: Because members of the Federation Council traditionally orient themselves toward the opinion of the senate staff and speaker, they will continue to vote on governmental and presidential drafts in

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a coordinated way; i.e., they will more often agree than disagree.

Regional Affairs

Russia: 'Inactive' Yeltsin Shifts Chechnya Burden to Lebed

MK1508123096 Moscow KOMMERSANT-DAILY in Russian 15 Aug 96 p 1

[Article by Maxim Zhukov: "It's Either Lack of Will or Inaction"]

[FBIS Translated Text] The meeting of Aleksandr Lebed with Boris Yeltsin, which was to focus on a new presidential edict on Chechnya (KOMMERSANT-DAILY wrote that a speedy appearance of the document was promised by the Security Council secretary as early as Monday) did not take place. Instead, an information war is gaining momentum between the press services of the Russian power ministries and departments and the agency of the separatist Movladi Udugov — as before, the extremely controversial information coming in from them makes it impossible to see the truth. The only thing known accurately is that there is no truce — which was perhaps expected to go into effect at 1200 yesterday. The war goes on.

Some optimism was generated by a report received by KOMMERSANT-DAILY: Aleksandr Lebed is setting off for the area of the conflict in the immediate future. The general assessed the results of his first "night walk around Chechnya" (KOMMERSANT-DAILY wrote about it in detail Tuesday) without undue emotion: it was nothing special. Well, he wanted to see Maskhadov, and he did, and he talked with him. However, the Security Council secretary's snap visit had an immediate impact on the situation, albeit not to the extent Lebed had expected it would, and not to the extent that the real situation warrants. The presidential edict, whose signing the general described as "a matter of technique" right after his return, was signed only yesterday toward the evening. It is this edict that reflects Moscow's new approach to the Chechnya problem (wider powers for the Security Council and its chairman, scrapping the State Commission and formation of a new State Council having somewhat different functions, and so on). In effect, it puts the entire burden upon Lebed, although at press time the precise contents of the edict were as yet unknown.

The uncertain situation surrounding the edict could have been offset by actual understandings reached in Chechnya. Lebed announced that a beginning had been made and that Maskhadov, together with the Russian commander Pulikovskiy, were agreeing on a cease-fire and on a "separation of troops by one kilometer for the time being." The news coming in during the night concerning the agreement for a cease-fire in the morning was repeatedly denied. All reports contradict one another. According to the latest ITAR-TASS data, representatives of the federal command in Chechnya have left for an area between the localities of Staryye Atagi and Novyye Atagi for a meeting with the separatists.

But the most disturbing thing is not the contradictions in news agencies' reporting, nor even the fact that contradictory directives come from different Russian departments. The most disturbing thing is that under conditions in which the Russian Army in Groznyy is close to military catastrophe, the supreme commander in chief is virtually inactive. And this cannot but generate suspicions that he either does not know what he should do, or that he cannot act.

Russia: Lebed's Meeting With Chechen Separatists Reported

LD1608084396 Moscow Russian Television Network in Russian 0700 GMT 16 Aug 96

[From the 'Vesti' newscast]

[FBIS Translated Text] The movements of Aleksandr Lebed during his trip to Chechnya surprised even his experienced bodyguards. His bodyguards together with both the military and journalists learned about the forthcoming visit of the Security Council Secretary for talks with the separatist leaders five minutes before his departure. Half an hour later Lebed's helicopter landed near the village of Novyye Atagi. Cars were waiting for him there, sent by the other party. Ten kilometers on the road and finally Lebed reaches the separatist base. This is his first meeting with Maskhadov. The journalists were allowed to film for the same amount of time which is given for filming in the Kremlin during official meetings according to the protocol. Behind closed doors Lebed and Maskhadov spoke for about two hours. Then Lebed continued his work, without having a lunch break, for another two hours of confidential talks. This time, instead of the chief of staff he talked to the separatist commander in chief. Only after this second talk, between Lebed and Yandarbiyev, the parties decided to give the media a couple of minutes to make a joint statement. They did have what to say to the point.

[Begin Lebed recording] [Video shows Lebed sitting in an unidentified room next to Yandarbiyev] This affair has been neglected for quite a time. Too many people have died. Therefore, we discussed all aspects of the matter. We have agreed to set up a conciliatory... [pauses] a supervisory commission. [end recording]

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Lebed said that the new commission would operate on a continuing basis. Its decisions will be mandatory for both sides. The supervisory commission will include the secretaries of the security councils of Dagestan, Ingushetia and Kabardino-Balkar Republic.

[Begin Lebed recording] Both sides have confirmed their adherence to observe the agreements signed in Nazran and Moscow. Both sides have agreed that the issue must be resolved only by peaceful means. [end recording]

It looks as if today for the first time one can say — weak sprouts of peace are beginning to grow in Chechnya. This can be proved by the respect which the sides were showing toward each other during the meeting.

[Begin Yandarbiyev recording] I can only confirm what Lebed has said. This work is huge. We have agreed that both sides need patience and the ability to listen to each other, the ability tirelessly to look for ways out of this situation. I must stress that the main thing is that we trust each other, I think. [end recording]

Lebed's meeting with the leadership of the separatists came to an end at about midnight. He left Novyye Atagi for Mozdok and then for Moscow. He will hold a news conference in Moscow today to tell journalists that a new stage of relations has begun between Chechnya and Russia.

The leader of the Chechen separatists has said that the disengagement of troops has begun and the question is how to complete it. "We are giving additional instructions to our formations at present that agreements must be carried out," Yandarbiyev added. When asked directly whether the militants were ready to leave Groznyy, Yandarbiyev said that this issue would be tackled. ITAR-TASS reported that Gen Lebed, speaking about unidentified aircraft bombing peaceful villages, had said that he would insist on the forming of a special Russian air squadron which will intercept such aircraft.

Russia: Lebed, Yandarbiyev Assign Priority to Military Issues

LD1608062096 Moscow INTERFAX in English 0608 GMT 16 Aug 96

[FBIS Transcribed Text] SOUTH CHECHNYA, Aug 16 (Interfax) — Russian Security Council Secretary Aleksandr Lebed and the Chechen armed opposition leaders agreed in the south Chechen village of Noviye Atagi to consider the status of Chechnya after solutions had been found to the "purely military problems."

Lebed, Chechen opposition leader Zelimkhan Yandarbiyev, Chechen chief-of-staff Aslan Maskhadov and opposition minister of internal affairs Kazbek Makhashev held a four-hour meeting on August 15. The meeting closed at around 11:00 p.m., a spokesman for the Chechen command told INTERFAX.

Lebed and the Chechen leaders, according to Kazbek Makhashev, settled the problem of a ceasefire monitoring commission which would enjoy the highest authority in its field and decided to form a monitoring council which would monitor moves to meet the Moscow and Nazran agreements of, respectively, May 27 and June 10.

Russia: Lebed's Chechnya Settlement Idea Praised

MK1508132496 Moscow OBSHCHAYA GAZETA in Russian 15-21 Aug 96 No. 32, (signed to press 14 Aug 1996) p 8

[Report by Andrey Fadin: "A White Swan Has Flown Over the Battlefield.... Aleksandr Lebed's Nighttime Sally Into Chechnya Is Bound To Be a Milestone in the Kremlin's Modern History, If Not a Turning Point in the Chechen Carnage"]

[FBIS Translated Text] After a colossal upswing of popular expectations, elicited by Lebed's elevation to the top echelon of power, any pause in his actions, his prolonged silence, or simply a high-ranking official's routine bureaucratic chores have been perceived by the public as, at best, his defeat ("the bird has been eaten") or, at worst, a betrayal of the expectations he excited. Any normal small-time social climber, of whom, for the most part, Yeltsin's entourage consists, would dismiss these sentimentalities out of hand and make do with his position, gradually broadening his apparatus and consumption capabilities.

But for a public politician laying claim to top billing, procrastinating further, while sustaining a direct barrage of charges of betrayal and political impotence, would be tantamount to suicide (in politics, as in life, betrayed hopes turn out very badly).

But whatever one might think about his ideas and style, the general turned out not only to be a man of scale, but also a politician with a keen sense of what should be done at a particular moment and at a particular place. He did what he was expected to do, but in such a way that left everyone gaping. The general's "night watch" in Novyye Atagi, his meeting with Chechnya's real leaders ("terrorists, bandits, criminals!"), the presence of authoritative Muslim leaders, his agreement with Maskhadov, which is opening up prospects not only for a truce, but also for a political settlement, was all done impressively — no doubt about it.

Lebed has given us at least some — albeit, maybe, not very well substantiated — hope for an end to

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the mass killings in Chechnya. He broke the military community's pledge of silence about the actual state of affairs and the armed forces' prospects in this war. For the first time over many months he referred with respect to the Chechen Resistance movement, giving the separatists at least a flicker of hope for finding untainted partners in Moscow. Finally, whether deliberately or by chance, Lebed formulated de Gaulle's Algerian dilemma: "To continue a colonial war or to reform the military." (For France, which ruled Algeria for 130 years and which had over 1 million of its citizens there, the choice to leave was comparable to what was for us the trauma of the USSR's breakup — and it caused a military mutiny. But the choice was made in favor of modernizing the country and its armed forces — and it turned out to be correct.)

The general's just as fine, but albeit much riskier, move was his Tuesday news conference, at which he outlined not only his "general view" of the question, but also the key provisions of a presidential edict he had drawn up. The risk (possibly unconscious and unjustified) of Lebed's first public appearance over the past several weeks was that he unveiled a draft edict for all to see that directly affected the interests of dozens of interested persons, and he did so not only before the text was signed, but even before it was submitted to the president's office.

Leaving bureaucratic details aside, let us point out the crux of the matter in the draft edict: Under it, Lebed will be personally authorized to control, remove, and appoint military and civilian chiefs of any rank involved in the Chechen conflict. In the event that this plan is realized, he will concentrate in his hands immense real power (unlike the abstract powers of a Security Council secretary). His orders cannot but be obeyed. He will be able to control financial flows measuring trillions of rubles. What is emerging as a result is the very pyramid of responsibility and the unity of command, the absence of which servicemen and the militia in Chechnya have so long deplored.

From the point of view of bureaucratic logic all these administrative reforms are fully justified by Lebed's appointment as plenipotentiary presidential representative in Chechnya. Responsibility must be counterbalanced by authority — this is the be-all and end-all of bureaucracy. But you can easily imagine Zavgayev, Lobov, and other well-known and unknown heroes of the "Chechen" financial and political front scurrying along the corridors and dashing toward telephones — the Kremlin must be alive with ringing phones.

The essence of the edict (and the entire statement by the general) is not particularly pleasant for Chernomyrdin either, for he has just recently spoken, albeit indecisively, in favor of a military option and the imposition of a state of emergency. Furthermore, Lebed has essentially disavowed the activity of the state commission that the premier technically heads and accused it of inaction and ineffectiveness.

Whether or not pressure on Yeltsin by this whole "Chechen front" will be neutralized now appears to depend on Chubays, who has never made his stance on Chechnya public. But Anatoliy Borisovich hastily took a vacation and left to hold confidential talks in the Kingdom of Denmark. The president, too, appears to have already taken a leave for an indefinite period, so it is possible that the edict will not be signed shortly as it stands now in Lebed's version — there is simply no one to submit it for signing or to sign it. ("This is just how it happened, nobody is to blame.")

But having made the draft edict public, Lebed has transferred this problem from the apparatus to public politics. If this edict is not signed now, this will relieve him of direct responsibility for further carnage in Chechnya, for his responsibility was not matched by authority. Politically, this is a safe move, of course, provided that Lebed is ready to go all the way — up to banging the door shut behind him.

In the meantime, General Pulikovskiy says that he has reached no agreement with Maskhadov on ceasing fire on Wednesday noon and that the war is going on. You can imagine that for a man who lost his son in the war with the Chechens (Lieutenant Pulikovskiy was killed at the very beginning of the war) any agreement with the Resistance movement appears aberrant — and he will do his utmost so that this war will continue "until victory." Rumors have it that Chubays, too, had time to speak out against Lebed's plan before leaving for Copenhagen. But now it is up to Lebed to show who the boss is. He placed his bets on peace. If the war continues, it will break his neck.

Russia: Lebed: No Budget Funds To Continue Chechnya Fighting

MM1508143796 Moscow IZVESTIYA in Russian 16 Aug 96 p 2

[Report by special correspondent Kirill Svetitskiy: "...Off to Chechnya Again"]

[FBIS Translated Text] A government Tu-134 aircraft bearing the inscription "Rossiya" and with Aleksandr Lebed on board took off from Vnukovo-2 Airport in the morning of 15 August. In addition to journalists and generals, the Security Council secretary was accompanied by Russian Federation Nationalities Affairs Min-

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ister Vyacheslav Mikhaylov and State Duma Deputy Chairman Mikael Gutseriyev.

At first it was assumed that Lebed would land at the federal forces base in Khankala, in the suburbs of Groznyy. But when the aircraft began its final approach, a smiling Security Council secretary appeared in the cabin occupied by journalists and, standing in the gangway, announced:

"Allow me to welcome you on board this aircraft flying the Moscow-Mozdok route."

A. Lebed explained that a report had been received from the ground to the effect that citizens armed with Stinger missiles had been carefully watching the skies above Groznyy's suburbs since early morning. Therefore, it was decided to get to the Chechen Republic's capital using transfer helicopters.

While the aircraft was preparing to land in Mozdok, A. Lebed announced his plans for the next few hours. First, an inspection of the military base in Khankala and a meeting with military leaders of the federal grouping at Severnyy Airport. Replying to a question about the people with whom he intends to negotiate in Chechnya this time, Lebed said:

"First and foremost it is necessary to halt the fighting, because the Russian budget no longer has any money for this fighting. Of course, both sides here have plenty of 'implacables.' It is necessary to talk with those who are worried by the real problem. I will apparently meet with Maskhadov and — strange though it may seem — with Shirvani Basayev, the well known terrorist Shamil's younger brother."

This trip to Chechnya differs from the previous one not just by the fact that Lebed is now accompanied not by three but by about 40 persons, including the press. Lebed is now the Russian president's plenipotentiary representative in the Chechen Republic, which means that his orders must be obeyed by all Russian federal organs of executive power which are involved in solving the Chechen conflict.

While at the military base in Khankala, and on his way from the headquarters to the soldiers' dining room, A. Lebed was stopped by soldiers' mothers with their — already perpetual — problem of releasing their sons from Chechen captivity.

"Let us solve the problem of the war first. It is useless to talk while they are fighting," Lebed replied. "But what can I promise you now?...It is no good pressuring me. Let me get on with the job."

Russia: Chechen Rebel Commander Basayev Interviewed

MS1608081796 London THE TIMES in English 16 Aug 96 p 13

[Report on interview with Chechen rebel commander Shamil Basayev by Richard Beeston in a frontline bunker on 15 Aug]

[FBIS Transcribed Text] Shamil Basayev, the Chechen rebel commander who mastermined the lightning raid to recapture Groznyy, sat in his dingy underground bunker nursing a fresh wound and plotting his next move against the Russians.

For a man whose very name strikes terror into the hearts of many Russians, the guerrilla commander appeared surprisingly soft-spoken yesterday during a visit to his command post near the front line in central Groznyy. But his message was as threatening as any of the militants fighting under his command.

Despite the continuing blast of tank and mortar rounds and frequent exchanges of automatic fire, residents said the city was relatively quiet and that the cease-fire, announced this week, gradually appeared to be holding. Chechen claims to have seized 90 per cent of the devastated city seemed accurate. A few pockets of Russians are still holding out, but without fresh supplies, the rebels expect them to accept their offer or surrender any day.

The last vestiges of the pro-Moscow Government have been all but erased. The police post at the railway station was wiped out in what was clearly a dramatic battle, while the refurbished prosecutor's office and Supreme Court building were still smouldering.

Mr Basayev, instantly recognisable from his shaven head and bushy black beard, insisted that the battle was not over. Peace, he said, would only come when the last Russian had left Groznyy. "I don't trust any Russian and, as I believe Churchill once said, an agreement with them is not worth the paper it is written on, said the guerrilla chief, who was shot in the left foot two days ago and now inspects his forces on crutches.

Asked about the role of General Aleksandr Lebed, the Kremlin's new troubleshooter on Chechnya, Mr Basayev said there was "some hope" of a peace deal but that he still had deep misgivings.

Given his mistrust of Russians, Mr Basayev said he was preparing future operations in the event of the truce collapsing. His plan is to starve out the surrounded Russian posts in the city and to organise the siege and capture of the two main Russian military bases at the airports of Khankala and Severny outside Groznyy.

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Mr Basayev, a former land management student in Moscow, for the first time gave details about the campaign he masterminded and led on August 6. He said the operation to attack Groznyy, drive out the Russians and hold the city had been finalised in May, but it was put off after the peace deal with the Kremlin during President Yeltsin's reelection campaign. After the Russians resumed attacks last month, it was decided to reactivate the operation. "There were 1,500 fighters involved in the operation and we hit the city from three sides," he said. "The battle for the city was won in the first half-hour of combat."

Mr Basayev, who estimated that Russian losses ran into the thousands, conceded that Moscow's superior forces could retake the city. "It will cost them between 10,000 and 15,000 lives but they could probably do it in a month; he said. "However, a month later we could come back and retake the city.

The Chechen guerrilla chief, who lost several members of his family during the 20-month war, first came to prominence in 1991 when he hijacked a Russian passenger aircraft to Turkey, where he surrendered but negotiated his release home.

Last year his notoriety spread worldwide when he led a bloody hostage raid in the southern Russian town of Budennovsk, in an operation that left 120 people dead. He again escaped.

Now back in Groznyy, having once more humiliated the Russians, Mr Basayev speaks wistfully about one day returning to a peaceful life in Chechnya with his family.

"I hope this conflict will end quickly," he said. "I do not like fighting at all."

Russia: Court Upholds Vladivostok Ex-Mayor's Case Against Yeltsin

MK1608070296 Moscow NEZAVISIMAYA GAZETA in Russian 15 Aug 96 p 2

[Report by Dmitriy Maslennikov: "President's Decision Ruled Illegal"]

[FBIS Translated Text] Yesterday, the Khamovnicheskiy Intercity Court of the city of Moscow finally closed the book on the 18-month-long suit by former Mayor of Vladivostok Viktor Cherepkov against Russian President Boris Yeltsin. The conflict began in 1994 when Mr. Cherepkov, popularly elected mayor of Vladivostok, was removed from office for alleged legal violations. Criminal proceedings against him were instituted at that time, which were, however, stopped soon. Despite this Mr. Cherepkov was stripped of his post as a result of a presidential edict, following which the ex-mayor sued Boris Yeltsin. Viktor Cherepkov based his move on the fact that since he had won his post as a result of a vote, the president had no right to remove him from office, and in this connection Boris Yeltsin's actions were unlawful. In the end, the court found that Mr. Cherepkov was right and upheld his case. Now, unless the court ruling is protested within 10 days, Mr. Cherepkov will resume the post of mayor of Vladivostok. Incidentally, Viktor Cherepkov did not sue the president for damages.

Russia: Auditors Stand by Criticism of Maritime Kray Leaders

MM1508150096 Moscow IZVESTIYA in Russian 15 Aug 96 p 1

[Report by Dmitriy Dokuchayev and Mikhail Berger: "Audit Document in Maritime Kray Signed After All; Complaints Against Kray Administration Remain"]

[FBIS Translated Text] In yesterday's issue of IZVESTIYA we published an ITAR-TASS report to the effect that Maritime Kray Governor Yevgeniy Nazdratenko had refused to endorse the record of an inquiry into the financial and economic activity of the kray administration carried out by the Russian Federation Presidential Staff Control Administration.

However, the governor's press secretary Natalya Vstovskaya, whom IZVESTIYA contacted, denied this report, accusing ITAR-TASS of getting its facts wrong. Vstovskaya stated that the commission has no complaints about the actions of the administration or the governor, and that the report was duly signed.

According to Nazdratenko's press secretary, the Control Administration Commission investigated the fate of 160 billion rubles [R] allocated in accordance with a presidential directive to Maritime coal miners. Of this sum R100 billion were transferred directly to the "Primorskugol" association, and R60 billion were transferred through the kray administration. At the time that these R60 billion reached the administration's accounts a memorable energy crisis hit the kray. In these conditions it would have been a disaster to have transferred all the money to the coal workers and not to have helped the fuel and energy complex.

The governor held a conference with coal and power workers, who agreed that R20 billion were to go to "Primorskugol," and R40 billion to "Dalenergo." All these decisions, Vstovskaya continued, were by no means concealed, but were discussed openly and broadly, including in the mass media. The Control Administration Commission recognized the correctness of the decisions made at that time, in conditions of a very grave power crisis.

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No incidents of the aforementioned billions being "channeled" through commercial structures have been established. As for the activity of the so-called "resellers of electricity," a story hyped by the press, they are not outside speculators, as they are sometimes presented. They are the technical structures that maintain the electricity networks. They have existed since 1934, and are certainly not an invention of Governor Nazdratenko. The fact that their status has now changed in connection with the flotation of the fuel and energy complex is another matter. But again Nazdratenko had nothing to do with this: He personally opposed the flotation of the unified fuel and energy complex.

However, the president's Control Administration comments on the situation regarding the inquiry differently. Aleksey Kudrin, the leader of the Control Administration, told IZVESTIYA that the auditors do indeed have complaints to make against the kray administration, and extremely substantive ones at that. The degree of responsibility and the specific culprits will be made known after the completion of the inquiry. On Tuesday the commission's work in Maritime Kray by decision of the head of the Control Administration was extended for two weeks.

Russia: 'Powerful' Bomb Defused in Stavropol Region 15 Aug

LD1608110596 Moscow ITAR-TASS in English 1021 GMT 16 Aug 96

[By Nikolay Styazhkin]

[FBIS Transcribed Text] PYATIGORSK August 16 (Itar-Tass) — A powerful explosive device, equivalent to 1.5 kg of trotyl, was defused last night in the central supermarket of Pyatigorsk, the biggest health resort in the Stavropol Region. An explosion of the bomb would result in numerous casualties and almost a total destruction of the building, a spokesman for the Pyatigorsk Interior Department told TASS.

The explosion was prevented thanks to the vigilance of one of the customers of the supermarket. He called the attention of shop assistants to a bag, left at the couter long ago. The shop assistants did not touch it, but called the police.

The explosive device proved to be home-made, but was rather sophisticated. It took several hours to defuse it. A task group for investigating the case and arresting the criminals was set up in the city.

A total of 12 home-made explosive devices have been found and defused in administrative and public buildings of the Stavropol Region since the beginning of the year. The bomb found in the Pyatigorsk supermarket was the most dangerous one.

Russia: Inspectors Blame Power Wholesaler for Mismanagement

LD1508175596 Moscow ITAR-TASS in English 1724 GMT 15 Aug 96

[By Nadezhda Anisimova, Artyom Protasenko]

[FBIS Transcribed Text] MOSCOW, August 15 (Itar-Tass) — Government inspectors who audited the regional energy commission in Russia's Far East, said it must take the main responsibility for the critical situation with power generation there, head of the state control department (GKU) Aleksey Kudrin told reporters on Thursday.

The inspectors found the commission guilty of gross violations of the government's tariff-regulating resolution, said Kudrin, who is also President Boris Yeltsin's deputy chief of staff.

The regional energy commission was responsible for loss making estimated at 800 billion roubles (about 151 million USD) in 1995 and 1996, and "it is presently not known at whose expense these losses will be covered," according to Kudrin.

Kudrin spoke however against the sacking of regional governor Yevgeniy Nazdratenko.

Earlier on Wednesday, Yeltsin ordered Nazdratenko to fire director of the energy commission Mikahil Savchenko.

The president also instructed Russia's lagest power wholesaler RAO EES Rossii to consider the dismissal of Yuriy Basharov, director of Dalenergo, a RAO branch in the Far East.

According to GKU officials, Dalenergo has accumulated a 2 trillion rouble debt. For different consumers, energy rates range between 194 and 1,582 roubles per 1 kW. As a rule, the rates were higher for the companies financed from the federal budget.

Kudrin said the GKU intends to use the auditing results obtained in Russia's Maritime territory as guidelines to correct mismanagment in power generation and energy sales across Russia.

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Economic Issues

Russia: Potanin Outlines 'General Approaches' to Economic Affairs

MM1508143196 Moscow IZVESTIYA in Russian 15 Aug 96 p 4

[Report by correspondent Stepan Kiselev on interview with Russian First Vice Premier Vladimir Potanin by Kiselev and other unidentified journalists on 14 August; place not given: "The State Is a Firm Too, Only a Very Big One"]

[FBIS Translated Text] As had been expected, on Wednesday [14 August] Oneximbank President Vladimir Potanin was appointed first vice premier in charge of the financial and economic area of government by edict of the Russian Federation president. On the same day IZVESTIYA's correspondent met with Vladimir Potanin.

So the banker Vladimir Potanin, 35 years old, becomes a first vice premier. His life story hitherto has been simple, though not without an enigmatic element. After 10th grade he went to the Moscow State Institute of International Relations (the USSR's most prestigious higher educational establishment), and after the Institute he worked at the Ministry of Foreign Trade (the most prestigious assignment). All the same, he does not give the impression of being a representative of the "gilded Soviet youth" who inherited everything: People who know Potanin well speak about his staggering industriousness and "manic sense of purpose."

He is not overly eloquent and is not so much like a banker and politician as a tough workshop chief whose biggest fear is verbal overenthusiasm and inconsistency of opinions. To all appearances, Potanin is not without lofty civil feelings (there is a state flag of the Russian Federation in his office) and a degree of traditionalism (the banker has been awarded two orders of St. Vladimir and the order of the Blessed Sergiy of Radonezh by Patriarch Aleksiy II for services to the Russian Orthodox Church). All this, it goes without saying, is information collected "elsewhere"; at the meeting with Vladimir Potanin we talked about affairs of state.

Comparing the state to a vast corporation, the banker commented on his new appointment to the post of first vice premier of the government in very prosaic terms: "I used to work for one organization, now I'll be working for another." Asked why he wants to do that, he answered even more simply: "Well, it's interesting." While admitting that for him the move into government will mean, first of all, a degree of personal limitation and submission to bureaucratic etiquette, which he "is not familiar with and does not like," Potanin nonetheless made it clear to journalists that he does not intend to be a civil servant, dependent on some high-placed benefactors. "I don't owe anyone anything," the banker said. "I didn't ask anyone for the job."

Incidentally, according to an anonymous source in the government, it was Central Bank Chairman Sergey Dubinin who was the first to "voice aloud" the proposal on Vladimir Potanin's candidacy. After a favorable initial reaction from Viktor Chernomyrdin, a meeting of leaders of major commercial banks was held in Moscow (only Inkombank was missing) at which Potanin received his colleagues' "blessing to take office," while at the same time defending himself against the unwanted reputation of being a parvenu and securing strong rear support for his initiatives.

Warning journalists that he does not have any concrete action program yet ("we'll talk about that in two or three months"), Potanin nonetheless indicated some general approaches to tackling economic problems. Stressing that unlike the politicians who predict a financial apocalypse this coming fall, he "does not assess the situation as disastrous," Vladimir Potanin stated that the economic area of government should be the component that determines structures for the entire economic mechanism and "sets the rules of the game" for everyone. The new vice premier named the three main instruments with which he intends to influence the economy:

a) credit and money policy, in which taxes, which must without fail be collected, play a stimulating role for production;

b) state property should replenish the treasury, only not by means of privatization, but through income from efficient management (the amalgamation and restructuring of state blocks of shares is a possibility);

c) the legal and regulatory base must ensure that enterprises are open to investors, protect their interests, and ensure the absolute legitimacy of deals with the state.

In general, in terms of investments in the economy, Vladimir Potanin is convinced that there is money within the country (several tens of billions of dollars) and that it is possible to attract money from outside. However, "capital is timid," and therefore "the investment boom in the country will begin in a few months' time, as soon as we have proved to the investor that it is possible to work with the state." Naturally, if the state is represented in talks with the investor by an entrepreneur of the new breed, they will certainly be able to reach agreement. This consideration was perhaps what the president and prime minister were principally guided

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by when they invited Potanin to join the government. That is, a man who has succeeded in earning money for the bank can earn money for the state too.

Russia: Economist Says Banking Decline Has Ceased

MM1508154596 Moscow ROSSIYSKIYE VESTI in Russian 15 Aug 96 p 2

[Interview with economist Mikhail Delyagin by Marina Kryuchkova; date and place not given: "Russia's Banking System Has Stabilized, Claims Well-Known Economist Mikhail Delyagin, Whom Our Correspondent Asked To Comment On the Now-Widespread View That a Banking Crisis Is Looming"]

[FBIS Translated Text] [Delyagin] Look at what that view is based on. The main indicator of the activity of the banking system — akin to output volume in industry — is the dynamics of real assets. That is, a bank's assets adjusted for inflation. If real assets are growing, it means the scale of banking operations is growing too. If real assets are declining, it means the banking sector is "shrinking."

Incidentally, this is what we have seen from the fourth quarter of 1994 on. The scale of banking operations has diminished, albeit at varying rates. They fell by 11 percent in the third quarter of 1995, when the well-known liquidity crisis occurred, by 5 percent in the fourth quarter, and by 12 percent in January-March this year.

[Kryuchkova] That is, more than as a result of the August crisis. So why didn't we notice?

[Delyagin] Because we are living in Moscow. We should never forget the high level of regional differences in virtually all Russian conditions — there is "nothing average" in Russia, as the prime minister once said.

In August 1995 the crisis hit the Moscow banks — the regional banks even took some malicious pleasure in it at the time. The share of Moscow and Moscow Oblast assets in the all-Russia total fell from 65.9 to 64.7 percent. But the major national banks, concentrated primarily in Moscow, got out of the situation by strictly structuring their operations. A kind of "banking apartheid" emerged, whereby the more reliable banks cut their cooperation with less reliable banks to the bone — in all categories of reliability and throughout the country's territory.

As a result, the difficulties were passed on to the regional banks. The deterioration in their position was reflected in the reduction of the Russian banking system's assets in the first quarter of 1996.

But in the second quarter this reduction virtually came to an end, coming to just 1.4 percent — the lowest level since the decline began in the fourth quarter of 1994. This is no reason to celebrate — time will tell just how sound this stabilization proves to be. But it is now a fait accompli.

[Kryuchkova] What about the revocation of a large number of bank licenses? The reports keep on coming....

[Delyagin] It is just as hard to judge the state of the banking system by the number of revoked licenses as it is to judge the condition of a patient from the number of sneezes. You may get an idea, but no more than that.

First, the number of banks does not relate directly to the scale of banking system operations. After Moscow the most banks in our country, if I am not mistaken, are in Dagestan — 32! That is 3.8 percent of all Russian lending institutions! But the banking system there is weak and those banks account for just 0.8 percent of Russian assets.

The failure of a huge number of small banks could be completely offset by just one successful operation by a major bank (in taking over their clients, for instance). Ultimately, the banks can only merge, and that too will look superficially as if licenses are being lost.

Second, liquidating a bank is a pretty long-drawn-out process. Thus, as of 1 July there were 448 lending organizations in Russia (17 percent of the number registered) whose licenses had been revoked, but had not yet been liquidated as corporate bodies — that is, their entry in the register of companies had not yet been canceled. It is the same thing with the revocation of licenses — it reflects processes taking place in most instances not on the eve of the revocation but several months before it.

[Kryuchkova] What are your predictions?

[Delyagin] I believe that the decline in the banking sphere will not be resumed. On the one hand, today's stabilization is close to the concept of "bottoming out." A number of major banks have experienced serious difficulties, and a large number of regional banks, which play an important role at local level, are simply "laid up." On the other hand, signs of an improvement in the situation are visible in both these categories.

[Kryuchkova] With regard to the regional banks, what makes you optimistic?

[Delyagin] Many of them want to become subsidiaries or branches of the Moscow banks. Until quite recently they had been willing to welcome any buyer ready to pay their debts. But of late they are starting to get more

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and more choosy. And if you have a choice, you don't need to beg.

[Kryuchkova] Even so, there have been a string of high-profile scandals affecting a number of major Moscow banks. Do you mean you find them encouraging in some way?

[Delyagin] Yes — in the sense that they are over and most of the banks hit by these scandals have survived. The breakthrough has already happened, and I look to the future with confidence. Russia's banking system could enjoy steady growth in the fourth quarter of this year.

[Kryuchkova] Mikhail Gennadiyevich, just when did the breakthrough occur and what form did it take?

[Delyagin] To my mind, when the scandal over "Inkombank" was overcome. That scandal was the culmination. If it had even destabilized "Inkombank" with all it problems and mistakes, then not only the entire banking system, but the country's entire economy would have gone into convulsions. The current scale of the bank's operations is too large. The Americans have a saying for it — "when General Motors sneezes, all America catches a cold."

[Kryuchkova] Did the scandal come about naturally or was it directed by anyone?

[Delyagin] I would like to ask you the same question! After all, you as a journalist are more familiar than I with information technology.... But basically, I am not much of a believer in "conspiracy theory." When people start perceiving wicked plots it is a clinical case of intellectual impotence — such people are simply doomed to make mistakes and get into trouble.

I can say one thing — even if there were some organizers of the scandal somewhere, they have not just been defeated. They have probably been punished in one way or another. For the entire banking community — even "Inkombank's" competitors — and the relevant state organs came to the defense of stability. And we saw for ourselves yet again that reason and stability are great things.

Although it also cannot be denied that most of Russia's biggest banks still have to overcome the "manageability crisis" caused by the fact that the sharp increase in the scale and complexity of operations has exceeded the abilities of the old management structure.

[Kryuchkova] What is the state's role in stabilizing the banking system?

[Delyagin] The state — and primarily the Central Bank — is doing everything it can, and it has made a great contribution to stabilization — both to today's stabilization and to tomorrow's. I will quote just three examples.

First — operations by nonresidents on the short-term state bond market will be transacted via the major Russian banks. This will have a comprehensive strengthening effect on the entire Russian banking system.

Second — a formalized system of fines adjusted to take account of the severity of a bank's position has been introduced. To all intents and purposes it makes it possible to assess how deep its problems are, which is very important.

And, finally, the Central Bank has cut the refinancing rate — albeit by just 10 percentage points — and has restored the lower level of reserve requirements, which had been raised in response to the removal of the 5 trillion rubles of "1994 profit." This is very valuable, because everyone makes mistakes, but few people are capable of rectifying them.

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International Affairs

Ukraine: Defense Minister Gives Reasons for Not Signing CIS NATO Documents

WS1608072896 Kiev INTELNEWS in English 0512 GMT 16 Aug 96

[FBIS Transcribed Text] Kiev, Aug 15 — Ukraine's Defense Minister lieutenant-general Oleksandr Kuzmuk refused to sign summary documents at the meeting of the Council of Defense Ministers of CIS states, which concluded in Moscow on Wednesday, according to Defense Ministry officials.

The members of the Council were asked to sign a communique on the results of the meeting, and a statement about NATO expansion to the East.

Kuzmuk said Wednesday night at Boryspil airport that the Ukrainian delegation adhered to President Leonid Kuchma's position on NATO expansion.

"Ukraine is against nuclear weapons expansion to the East, but it is the right of every independent state to make its own decision about entering NATO", Kuzmuk stated.

The participants of the meeting in Moscow also discussed a system of CIS common security, improvement of the joint anti-aircraft forces of CIS countries and military training, according to Ukraine's Defense Ministry officials.

The Defense Ministers also talked about joint CIS peacekeeping actions in Abkhazia and Tajikistan.

According to a spokesman from Ukraine's Defense Ministry, the Ukrainian delegation was present as an observer at the meeting of the Council.

Focusing on future relations between the Defense Ministries of CIS countries, Kuzmuk said that talks will be performed within the framework of previously signed bilateral agreements, particularly in the military and technical arena.

The Moscow trip was Kuzmuk's first official visit to a foreign country as Defense Minister of Ukraine.

Ukraine: Foreign Minister Interviewed on Policy, Tasks

WS1608095496 Kiev URYADOVYY KURYER in Ukrainian 10 Aug 96 p 6

[Interview with Ukrainian Foreign Minister Hennadiy Udovenko by Oleh Oliynyk; place and date not given: "Ukraine's Diplomacy: Pragmatism and Balance"]

[FBIS Translated Text] Ukraine President Leonid Kuchma said at a recent session of the Ministry of Foreign Affairs Board that Ukraine is currently regarded as a key factor in supporting stability and security in Europe. It is clear that Ukrainian diplomacy has significantly contributed to this. This is the diplomacy which in the whirl of events of the recent five years has gone through a period of establishment, when it was necessary to learn how to defend the state's interests in the world community and how to act as an equal partner with the aces of international politics. Ukraine Foreign Minister Hennadiy Udovenko answers URYADOVYY KURYER's questions.

[Oliynyk] Hennadiy Yosypovych, in your opinion, what are the key achievements of Ukraine's foreign policy since the establishment of its independence?

[Udovenko] In this period, Ukraine has been recognized as a stable and predictable country with a well-balanced and pragmatic foreign policy. I consider our repudiation of nuclear arms and the signing of the tripartite agreement on Ukraine's nonnuclear status as the primary event which had a decisive impact on Ukraine's international image. This event prompted significant changes in foreign countries' attitude toward Ukraine. Afterwards, Ukraine supported the nuclear Non-Proliferation Treaty and was granted assurances of national security by the United States, Russia, and Great Britain on the one hand, and by France and China on the other hand. This gave grounds for President Leonid Kuchma to implement the provisions of the 1990 declaration on the nonnuclear and nonbloc status of Ukraine. It is also necessary to mention Ukraine's admission to the Council of Europe and the Central European Initiative, as well as our participation in the Black Sea Economic Cooperation Zone. All this is a stage in the strategic course oriented toward our state's integration with the European and international structures.

It is worthwhile to describe separately our position in the CIS. Ukraine constantly opposes the transformation of the CIS into a confederation or federation of a new type and views the CIS as an international forum for dynamic bilateral and multilateral cooperation of a primarily economic nature, taking into account the historic links between the nations of the former Soviet Union. Aside from that, I do not regard the CIS as a body or an organization membership in which can lift Ukraine to a higher level of progress. Unfortunately, the bureaucratic structures of the CIS have already begun to work for their own sake, which is particularly visible in the activities of the CIS Economic Committee. Some people are driven by nostalgia for the [USSR] State Planning Committee. I am concerned by the fact that they may proceed from performing coordinating functions to giving instructions: who should do what and for whom, and what funds and resources should be allocated.

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Currently, the Ministry of Foreign Affairs does not discuss any issues concerning our participation in the CIS peacemaking forces. Our stance on this issue is quite clear: peacekeeping operations on territories of CIS countries should be held under the aegis of the OSCE. Speculations and rumors around this issue are groundless, given that Ukraine is a nonbloc state.

[Oliynyk] How do you envision the prospects for Ukraine's pan-European integration? Are we keeping abreast with the dynamic changes occurring on the continent and will we not be left behind the new "cordon sanitaire," in the gray zone, between Europe and Eurasia?

[Udovenko] This is a good question. We are a very young state. We initiated our independence at a time when all the European structures already existed. The Visegrad trio rapidly grew into the Central European Free Trade Association [CEFTA], comprising five members. We intend to join this organization, although in order to do so we have to meet a number of conditions. We are dynamically working on them, and perhaps in 1997 Ukraine will become a member of the World Trade Organization. The already existing agreement on partnership with the EU can be regarded — in our opinion — as the status of an associate member of the EU, which also shortens the distance between Ukraine and the CEFTA. A regular summit of the CEFTA will be held in Bratislava in September, where Ukraine is invited as an observer.

We have stable contacts with NATO which we regard as an alliance of democratic states. While being a nonbloc state, we are not going to join this organization. However, our cooperation is quite fruitful: Ukraine is represented at the North Atlantic Cooperation Council and participates in the Partnership for Peace program, as well as in peacekeeping operations in Bosnia-Herzegovina. President Leonid Kuchma expressed Ukraine's interest in participation in the activities of the West European Union as an associate partner. However, currently this structure is going through a transformation period and, therefore, it itself has to determine its future.

While heading for Europe, it is necessary to preserve our goals and markets in the CIS countries to prevent ourselves from falling between the stools. However, I would like to reiterate once again that Ukraine should build up its economic potential, given that only under these conditions will we manage to catch up in a timely manner and be welcomed everywhere. As long as we fail to overcome the crisis phenomena in our life, it will be difficult to gain our proper place in the international community.

[Oliynyk] Ukraine has considerably contributed to ending the war in Yugoslavia. Currently, large-scale reconstruction work is being launched in Bosnia-Herzegovina. Do you think Ukraine can count on participation in this work, which would serve as compensation for losses incurred as a result of the imposed sanctions?

[Udovenko] At every single international conference or meeting on former Yugoslavia, we expressed our interest in participating in the reconstruction of Bosnia-Herzegovina. We can offer a qualified labor force, construction hardware, materials, and equipment. Unfortunately, so far all our efforts aimed at acquiring a share in the international assistance have not succeeded. Nevertheless, we are not losing hope and continue appropriate negotiations, particularly with the Bosnian ministers of industry, geology, and energy who recently visited Ukraine. The same issue was discussed during negotiations in Washington, Moscow, and Belgrade. Needless to say, it is difficult to penetrate international markets, and in addition we have to take into account our bureaucratic clumsiness and incompetence in demonstrating our capabilities. For instance, back in March 1995 President Leonid Kuchma signed an agreement on a $200-million Japanese loan, but only as late as the end of 1995 did we sign the memorandum on the use of this loan. The same kind of situation developed with a Canadian loan. We still have to learn how to act independently on the international arena and support the interests of our state.

[Oliynyk] However, in Ukraine the attitude toward international credit is equivocal. Some people maintain that this is a financial harness prepared for us by foreign countries.

[Udovenko] I do not know if the following is a good example, however, I will put it this way: in the 1950's, when after graduation from university I had to work for some time as a state farm manager, I found out that managers did not want to take loans, too (obviously those were not foreign credits). Of course, I did take credits. The state farm which I led did not have a single penny in its account, but we had to develop it and build additional facilities. Therefore, I took credits and settled accounts with my managers for construction materials. I was told: "What are you doing? How are you going to repay the credit?" I answered: "You will see that they will be annulled." And as I said, that was what exactly happened on the 40th anniversary of the Soviet power. We should not be afraid of taking loans. The primary thing is to use them in a timely manner and to repay the interest on time. While being a member of the Cabinet of Ministers Currency Credit Council, I often see this kind of situation: sometimes people ask for credits without

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thinking how they will repay them. Meanwhile, credit is very popular in international practice. You should not think that Ukraine has been given credits for nothing. Credits are being allocated in accordance with Ukraine's potential capabilities. Foreign states believe that Ukraine will be able to rise to its feet and become stronger. Meanwhile, we are regarded as a partner, but a weak one.

[Oliynyk] What would you say about Ukrainian-Russian relations in light of the recent visit to Moscow by a Ukrainian Foreign Ministry delegation?

[Udovenko] We wish to build these relations on the principles of equality and partnership without interfering in each other's internal affairs. Russia proposes cooperation on the principle of special partnership and special interests of the Russian Federation on the territory of the former USSR. In this area, our standpoints do not coincide. However, we should look for aspects which unite us and we should solidify positive changes, particularly in economic and scientific-technical cooperation. Currently, when the election in Russia and the constitutional process in Ukraine are completed, cooperation between Russia and Ukraine will be stepped up. The siging of a full-fledged agreement on friendship and cooperation between Russia and Ukraine would facilitate the resolution of all issues. However, the Russians link the signing of this agreement to the problem of the stationing of the Russian Black Sea Fleet in Sevastopol. We have offered Moscow a meeting at the level of deputy foreign ministers. At this meeting, we would assess the situation of the Black Sea Fleet, our proposals regarding the terms of stationing of the Russian Black Sea Fleet on Ukrainian territory, as well as the terms of the lease and financing. However, the Russian side insists on a prior meeting of the two presidents, so to say, in order that they should make a political decision on the Black Sea Fleet's future. However, there is mutual understanding of the necessity to determine the future of the Fleet, primarily of the problem of the Fleet's stationing within the shortest possible time. We have overpoliticized this issue. The Black Sea Fleet owes great sums of money to the city of Sevastopol, which needs funds to finance the municipal economy. The depoliticization of the issue would remove unnecessary problems. Currently, we have a wonderful basis for the resolution of most problems of Russian-Ukrainian relations, and there is no need to instigate passions.

[Oliynyk] At the moment, Ukraine is intensifying its presence in Middle East markets and is holding negotiations on economic cooperation with Iran and Pakistan. Undoubtedly, this direction has great prospects. However, many hidden reefs exist.... Are you not afraid that economic pragmatism will lead us beyond the limits of what is permissible?

[Udovenko] We have not received a single dollar from Pakistan yet; however, there has been a great hue and cry and even protests around possible contracts with that state. Ukraine observes a number of international obligations regarding the system of arms trading and dual-use products. Recently, Ukraine has joined the Vassenaar Agreements (successor of the Coordinating Committee on Export Controls) on terms of a founder state. This is a kind of club embracing technologically developed countries and top exporters of weapons, and we observe the existing limitations in this field. The same is true regarding our trade and economic activities with Iran and Pakistan, and those activities do not exceed the framework of international regulations and rules.

[Oliynyk] It was pointed out at a recent meeting of L. Kuchma with the Foreign Ministry leadership that it is necessary to strengthen the coordinating function of your ministry in the area of foreign activities of all other ministries and departments of our state. What mechanism is envisaged for this area?

[Udovenko] This is a very responsible task. The point is that democracy and openness of our society envisages our citizens' unrestricted right of residence and activities beyond Ukraine's borders.

It is good if these activities do not contradict our state's foreign interests. However, it also happens that even our officials and people's deputies make statements which then have to be refuted.

It happens very often that while being abroad employees of other ministries do not consider it necessary to visit Ukrainian Embassies. We are not talking about exercising any kind of control over every step made abroad as it used to be during the Soviet times. However, we should care about the effectiveness of official trips, as well as about overcoming interdepartmental barriers in foreign activities. At times, I learn from the press about certain trade and economic operations. Meanwhile, it is obvious that those kinds of operations involve the state's foreign interests, and at times even run counter to our international obligations. In this area, we need harmonious actions, as well as responsibility for what we do and what we say. In addition, we can brief people on the peculiarity of Ukraine's relations with certain states or international organizations, as well as our states' policy on specific issues. Therefore, it is correct to raise the issue of coordinating foreign activities, and there is a great deal of work to be done. We are not going to establish any new interdepartmental bodies. We have good experience of cooperating with the Ministry of Foreign

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Economic Relations and Trade, and we are going to expand this cooperation. Naturally, it will be an additional burden for our ministry, but we are accustomed to it.

[Oliynyk] Going back to our domestic problems, I would like to touch upon the personnel problem. Recently, we observe a significant influx of young people coming to work in the Foreign Ministry system. You have enough people to choose from.

[Udovenko] Diplomatic service has always been regarded as a prestigious activity. By now, young people understand that we have our own state and pursue our own foreign policy. Here they can realize their potential; they can serve their country and travel around the world. Young people come to us despite low wages and a great workload. For the first time, the number of newcomers is higher than the number of people leaving the ministry, and we are very pleased about that. The Diplomatic Academy of Ukraine's Foreign Ministry opens this year. I am head of the supervision council and, together with its rector, we will meet with candidates and make our selections. However, we are much more concerned about the material basis of the academy. There is a great deal of work ahead of us.

It is necessary to point out that within the last two years, the ministry's personnel was not increased by a single person, although during this time great changes occurred in our foreign policy; new directions of activities have appeared and requirements have grown. Meanwhile, we are faced with personnel reductions.

[Oliynyk] The summer Olympic Games ended recently during which we heard many times that, so to say, Olympic champions sometimes contribute more to the prestige of their state than any politicians or diplomats. What is your attitude toward these kinds of statements?

[Udovenko] Undoubtedly, victories in the Olympic Games evoke heated emotions. However, those are fleeting emotions. Champions come and go; meanwhile, the state's interests have to be constantly upheld. Diplomatic service is a daily and very complicated work. Very often I leave the ministry building late at night and see that the lights in many offices are still on. However, the primary achievements should be accomplished not by diplomats or sportsmen, but by our nation. When we overcome the crisis, the diplomatic service will also begin to play its appropriate role and then, instead of speaking about Ukraine's potential, we will speak about Ukraine's real achievements.

[Oliynyk] Thank you for the conversation.

National Affairs

Ukraine: New Donetsk Governor on Policy, Plans

WS1608112496 Kiev ZERKALO NEDELI in Russian 10 Aug 96 p 4

[Interview with Serhiy Polyakov, newly appointed head of the Donetsk Oblast Administration, by Serhiy Korablyov; place and date not given: "Serhiy Polyakov: Yesterday, Today, and Tomorrow...." — first paragraph is ZERKALO NEDELI introduction]

[FBIS Translated Text] When in the beginning of this year Serhiy Polyakov was interviewed by ZERKALO NEDELI as the Ukrainian coal industry minister, it was hard to predict the twist of fate that happened six months later. After all, the coal industry minister's chair has recently been for its occupants a sort of "electric chair" that burned blueprints for resuscitating the coal-mining industry. Serhiy Polyakov was "lucky." After the strikes of miners, the prime minister's visit to Donetsk, and the memorable meeting at the Cabinet of Ministers, Donetsk Oblast received its new governor. Following the footsteps of Petro Kupin in Lugansk, Volodymyr Shcherban stepped down as Donetsk oblast chief. His successor had to be perfectly aware of where he was going and what he was in for. To all appearances, Serhiy Polyakov, a man who came to head Donetsk Oblast at a difficult period for this region, does have such traits.

Yesterday, the Minister....

[Korablyov]**You came to the post of Donetsk Oblast governor leaving a ministerial chair. Now, you can look at the coal-mining industry from the position of a bystander. During your time as coal industry minister, what do you think changed for the better? What things did you fail to change?**

[Polyakov] In 1996, all employees of the Ukrainian Coal Industry Ministry did a lot of work. The effects of this work can already be seen in the industry. We have made a range of fundamental decisions to resolve problems. We approved the budget, which may be insufficient, but it allows the industry to survive. We have managed to collect all the budget revenues planned for the first half of this year. Because of the huge amount of back pay, all of this money was spent on wages. This, however, allowed us to keep wage debts in late 1995 and early 1996 from growing. The government has now no debts to the mining industry. This applies both to budget appropriations and wages, which were paid, even if not regularly. This is one thing. The other is that we have entirely changed our approach to the coal mining sphere. The government declared its development a priority task. The third thing is the

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most important one: With the immense support of the new prime minister, we finally made a decision that coal mining is a subsidized industry. For all mines, subsidies have been calculated based on one tonne of coal extracted. A decision was made — and it is already being carried out by the prime minister — to earmark budget funds to purchase new equipment and machines. Many mines already have those credits, and they are beginning to receive complexes and other types of mining equipment. Serious work has been done on the corporatization [korporatizatsiya] project. All the mines were given their own settlement accounts. We adopted a practical approach to conducting the decisive phase of the industry's reconstruction. In the fall, we will start creating holding companies and turning enterprises operating in the machine- and mine-building branches into joint-stock companies. On the negative side, we did not manage to stop the drop in production. However, when you dig deeper, it is a natural thing, because the negative performance was caused by the delayed decision to reconstruct the industry. Negative processes were gaining speed, and no one could stop them immediately. Nevertheless, if we manage to reach all of our goals, set by the presidential edict, by the end of 1996, we could expect that in 1997 coal production will not only decline, but it may even go up slightly.

[Korablyov]**Your appointment was preceded by miners' strikes...**

[Polyakov] I have repeatedly presented my point of view at my meetings with coal miners during the strike, and I repeat it once again: my attitude toward strikes is extremely negative! Not a single strike has so far brought any positive results, worsening instead the condition of mines. Moreover, I still believe that there were no economic grounds for that strike. I talked with people and they could not deny the tremendous changes and reform processes that are now under way in the coal industry. This is why I asked, and I still do, the leaders who assumed responsibility for that action to explain why they organized it — at a time when real subsidies, real credits, and real equipment was going to the mines. A question arises here: who benefits from this? To be sure, not the coal miners who are prompted to stage such protest actions. I asked them what they were going to get after a month of sitting idle? What would they bring to their families? Yes, there still are unresolved problems, sore issues, but they can be tackled in a normal way. It is easy to look back at all the strikes in the past; all of them were ignited to serve someone's political interests. Unfortunately, someone resolves his political problems with the hands of workers. I have always appealed to the coal miners: "Are you not fed up with attending to someone else's problems instead of yours?!" We needed no strikes to start grappling with the coal industry problems that remained unresolved for years. And because of the strike, more than 80 longwall systems were wasted, and it will be extremely difficult to restore them.

[Korablyov]**You compel me to ask the following question: Specifically what political forces benefited from the strike?**

[Polyakov] I do not want to hold forth on what political forces gained from the strikes. I just know one thing: they used strikes to disband the Soviet Union in 1989, resolve independence issues in 1991, and press for early presidential and parliamentary elections. However, blocking railroads is no longer a strike, it is banditry and hooliganism.

[Korablyov]**The events in Russia's Primorye Oblast very much resemble what was happening in Donbass three weeks ago: the same demands, the same methods of upholding one's interests, and — very likely — the same outcome. I mean by this the governor's resignation....**

[Polyakov] It is no secret that outrageous things were and still are happening in our coal industry. We set about removing them as early as this past winter. We checked several mines and amalgamations and replaced some managers. The government commissions, which started to work later, helped the Ministry of Coal Industry bring order into the enterprises. We spoke a lot about nonpayments, but in my opinion, overcoming the crisis in the coal industry could allow us to remove the nonpayment problem across the entire Ukrainian economy. A whole chain tags along behind the coal industry: metallurgy, power engineering, machine-building. As for the similar events in Ukraine and Russia, I must admit that our countries are not far apart on the economic development or processes that are under way in their economies. This is why these processes are quite similar.

[Korablyov]**But certain political forces could have provoked the strike to remove Volodymyr Shcherban, the [then] governor of Donetsk Oblast, from his post, replacing him with someone who would carry out their decisions. After all, as the coal industry minister, you could influence the situation in the working teams in different directions.**

[Polyakov] It is absurd to think that a minister or a ministry could trigger a strike. Mining work teams would never accept this idea. They know my attitude toward strikes. I did not look for a place to hide. I went to the people and talked with them. As for a perception that the strike helped me land in the governor's chair,

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let me tell you this: I am an official appointed by the president. The president entrusted me with management of the coal industry, and I did it to the best of my abilities. In my opinion, I managed to achieve certain things. The president decided that I should head Donetsk Oblast. As his subordinate, I follow the president's commands. I swore allegiance to Ukraine and I carry out the tasks given to me. Good or bad, it is up to the president or the Cabinet of Ministers to decide.

Today, the Governor....

[Korablyov]**Did you expect to become a governor?**

[Polyakov] No one made any decisions in advance, including those regarding Donetsk Oblast. I attended the Cabinet of Ministers meeting where the commission led by [Ukrainian Deputy Prime Minister] Durdynets presented its findings. It is those findings that persuaded the prime minister and his cabinet of the need to replace the leadership of Donetsk Oblast. And the president made that decision. Before it was announced, no one talked or consulted with me.

[Korablyov]**Could you describe your relations with Volodymyr Shcherban? Were you on his "team" or not?**

[Polyakov] I was popularly elected chairman of the Thorez City Council just as Volodymyr Shcherban was elected governor. The people he hired as his deputies became his "team." But I continued to be just a mayor. I worked with Volodymyr Shcherban as the oblast chief. We never had any frictions or conflicts. In all my tenure as the Thorez mayor, I never turned to the oblast administration for help. I believe that it is right. City leaders should take care of city problems on their own. When I was the coal minister, we had conflicts over the fate and development of the coal industry. On a range of issues, we disagreed, but these were just working episodes.... I do not think that he disliked me for that, just like I never disliked him.

[Korablyov]**What are your first impressions at the new post?**

[Polyakov] Donetsk Oblast is a complicated oblast. Many processes here take place with difficulties. Nevertheless, I think that Donetsk Oblast has good prospects. The team that is now being formed will be responsible for making these prospects a reality, and stopping all those who engage in sabotage acts.

[Korablyov]**The "team" leading the oblast is changed in the middle of the year. Can this be good for the oblast?**

[Polyakov] The oblast administration apparatus, which worked before that, is still working. We are not going to fire everyone without exception. Some deputy governors have left, and there is nothing unusual about it. Although the highest echelons of power change very often, those who do every-day work continue to work.

Tomorrow, ...?

[Korablyov]**What are your relations with [Donetsk Oblast] cities going to be?**

[Polyakov] With cities, we have the same relationship that the state has with oblasts. In particular, the budget will be drafted based on the same guidelines which are used to draft the national budget. I know that all city council chairmen are dissatisfied with their budgets. When you manage the whole city and see only its problems, it seems that there are no other problems. But the oblast leader, too, has his own oblast-level problems. As for the budget, the oblast cities will live based on guidelines to be adopted by Oblast Council sessions — whether you like it or not. I have no personal relations with or claims to chairmen of the city councils. Instead, I apply one principle to every one of them: each chairman must perform his duties well. If he does, I will deeply respect him. If not, I will resort to other measures....

[Korablyov]**Will you change anything in the system of managing Donetsk Oblast?**

[Polyakov] Management regulations are clearly defined by the administrations of local governments. We will rely on the existing government structures to ensure manageability of the oblast. We will not do anything revolutionary. In fact, I have a negative attitude toward any revolutions. One should conduct his business. Only work, the mundane work, can lead to a success.

[Korablyov]**How will you develop your relations with Donetsk Oblast Chairman Volodymyr Shcherban?**

[Polyakov] According to the adopted Constitution, oblast councils and oblast state administrations have their own powers. So, we will proceed from the constitutional provisions....

[Korablyov]**It is no secret that foreign credits were coming in under the guarantees of one man only — Volodymyr Shcherban. Are you not afraid that foreign capital may have a different opinion of the new Donetsk governor?**

[Polyakov] Foreign investors signed contracts directly with enterprises. Some contracts were signed also with the oblast state administration. But enterprises are the principal participants in those processes. During my meetings, I was asked whether the new administration would support the investment projects that were launched at the level of enterprises. Of course, we will

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support those projects. Generally speaking, I believe that investment policies should be increasingly promoted, because coping with the crisis will take us too long without foreign investments. There may have been projects that were conducted to serve someone's personal interests, but I have not heard of them.

[Korablyov]**What do you think about the fact that Donetsk Oblast tops the list of oblasts where the most economic crimes are committed?**

[Polyakov] I think that we will ask the law-enforcement agencies, which are directly responsible for handling this problem, questions about this area. The oblast administration has no powers that law-enforcement bodies have. Our responsibilities are totally different. We can demand, but it is up to professionals to tackle this problem.

[Korablyov]**When agreeing to become a governor, did you count on help from Kiev?**

[Polyakov] I think that the central power will help us as much as any other oblast administration. My task will be to persuade the central power, if there is a need for that, to give Donetsk Oblast as much assistance as we would ask.

[Korablyov]**Have you made your plans for the future yet?**

[Polyakov] First of all, I will be resolving the main issue — restoration of the coal industry. I will continue all agricultural processes that have been initiated. That area has genuine sprouts of the future market relations. As for industry, I am convinced that we could only put it back on track by recovering the coal industry. A powerful coal industry directorate will be set up within the administration. The rest of the industry will follow all this.

Economic Issues

Ukraine: Directorate Chief on Combating Economic Crimes

WS1408110996 Kiev URYADOVYY KURYER in Ukrainian 8 Aug 96 p 12

[Interview with Police Colonel Serhiy Chernykh, first deputy chief of the Ukrainian Interior Ministry Main Directorate for Fighting Economic Crime, by Ihor Havrylenko; place and date not given: "We Need State Policy on Shadow Capital" — first paragraph is URYADOVYY KURYER introduction]

[FBIS Translated Text] Working from the assumption that the current spread of crime poses a threat to Ukrainian independence and heightens public anxiety over the state of affairs, we invited Police Colonel Serhiy Chernykh, first deputy chief of the Ukrainian Interior Ministry Main Directorate for Fighting Economic Crime, for an interview.

[Havrylenko]**Despite all the achievements of units of the Main Directorate for Fighting Economic Crime [DSBEZ], the service remains a target of pretty harsh criticism. Sometimes it is reproached for the fact that the national economy is becoming increasingly controlled by criminal structures. What can you say about the overall efficiency of its operations?**

[Chernykh] It is impossible to resolve the problem of economic criminalization by forcible measures alone. If it were, any economic problem could be resolved that way. However, the DSBEZ is necessary. I can say that our service is sufficiently "productive." For example, last year alone our agents confiscated and returned to the state 63.4 trillion karbovantsi's [K] worth of valuables. At the same time, K3.4 trillion was allocated from the national budget for the DSBEZ. It is a different issue how the Main Directorate for Fighting Economic Crime is coping with the present situation marked by quickly changing economic, social, and political realities. Let me be frank with you: changes in the national economy on our path to market transformations are so dynamic that not all DSBEZ employees can keep pace with them. For the time being, we manage to protect economic interests with the old knowledge and expertise. I am talking here about the professional skills of employees who were trained on the basis of programs aimed at protecting the old economic system. The training of key experts in Lvov, Kharkov, and at the Interior Ministry Academy has just started, and we cannot count on help from CIS experts.

However, analyses show that despite all the problems, particularly those pertaining to staffing, our service is building up its potential, concentrating its main efforts on resolving aggravated and socially dangerous economic crimes. Compared with 1991, the number of uncovered cases involving large-scale embezzlement increased 2.7 times, and briberies — by 62 percent.

[Havrylenko]**When you were talking about staffing problems, I thought you meant not only the number of positions, but also the inflow of high-skilled professionals. Could you describe in greater detail what professional requirements the DSBEZ employees should meet?**

[Chernykh] The situation has changed, and so have our tactics. At the same time, we are forced to change our operatives' mentality.

Given the nature of crimes committed in the economic sphere, the DSBEZ should be more knowledgable.

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When training our specialists, we work from the assumption that they need special economic, financial, technical, and other types of knowledge. This is exactly the kind of organization that we should create, selecting and promoting people with initiative who are capable of not only keeping abreast of all economic changes, but also predicting them to some extent. This would allow them to work out efficient tactics and strategy. Some developed countries even have special courts handling economic crimes. This, of course, shows how hard it is to crack down on them and proves the need for qualified specialists working in this sphere.

[Havrylenko]**You have spoken in great detail about the problems of the directorate's employees and prospects for the future. Our readers, however, also would be interested to learn about you see the processes that are currently taking place in the economy. What is going on and how can one prevent the further "pilferage" of the state?**

[Chernykh] Crimes committed in the financial, banking, and foreign trade spheres, as well as bribery are the most dangerous for the state, and this is why their resolution is a priority task for our service.

We currently have an extremely complicated situation in the sphere of credit and financial relations. Of all reasons causing tensions in the circulation of money, also in illegal circulation, one can single out two major ones: the illegal obtaining of credits and funds used as a prepayment on contracts signed in entrepreneurial and financial economic spheres; and the flawed system of non-cash payments which encourages swindling and undermines the entire Ukrainian financial system.

One example: in February-April of 1996, the DSBEZ uncovered 55 reverberating [rezonansni] crimes in banking institutions and new economic structures of the Crimean Autonomous Republic. During the operations, our service checked 22 banks and their affiliated offices, 320 bars and restaurants (112 had their licenses revoked), 31 hotels, 20 health centers, and 266 commercial structures controlled by criminal groupings (100 of which were disbanded).

[Havrylenko]**Still, the pressure of the underworld on the economy is not abating....**

[Chernykh] I again would like to stress that it is hardly possible to mend the national economy only by forcible methods, because crime is only a consequence of something else. The reasons lie elsewhere. In my opinion, the following measures could help us overcome the tendency of economic criminalization: creating and introducing a control mechanism over the legalization of illegal incomes (but before that, the state needs to work out its position on legalization of the shadow capital, which controls over half of the GDP); working out and implementing a set of legal, economic, and administrative measures aimed at bringing back to the official sector of economy the kinds of economic activities that have not yet assumed a criminal nature (while simultaneously creating the market environment — a stable legal basis regulating the sphere of entrepreneurship, as well as a stimulating tax system and tougher responsibility for economic violations); obligating state officials to declare their incomes; resolving the problem of preserving commercial secrets, including banking secrets, and the problem of access of law-enforcement agencies to information and documents on financial and economic activities conducted by legal and natural persons with due consideration of the negative consequences of the transition period of the Ukrainian economy.

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Belarus

Belarus: Lukashenka Makes 'Sensational Statements' in Grodno

LD1508211296 Moscow Radio Rossii Network in Russian 1900 GMT 15 Aug 96

[FBIS Translated Text] Belarusian President Alyaksandr Lukashenka, who is in Grodno today, made a number of sensational statements. Our correspondent, Yuriy Svirko, has the details.

[Begin Svirko recording] Announcing the all-Belarusian referendum of 7 November, the main question of which will be the changes to the country's constitution, President Alyaksandr Lukashenka told the people gathered in the Grodno drama theater that no elections of any kind are envisaged in the near future. This means the by-elections, scheduled for 24 November, as well as the elections to the country's new parliament — the National Assembly, which is to replace the Supreme Soviet should Lukashenka win the referendum — will not take place. The president proposes to form the senate and the chamber of representatives out of 200 deputies already elected.

Apart from this, the draft constitution envisages extentions of the president's powers and the increase of his term in office from five to seven years. Lukashenka intends to declare the day of the referendum on 7 November the Constitution Day so as, he said, to reconcile supporters and opponents of the 1917 revolutioa. At the same time, Lukashenka stressed that he is not trampling the old Belarusian Constitution of 1994, unlike — and I quote — the handful of people who trampled the USSR constitution nearby — end quote. The Belarusian president probably had in mind Belovezhskaya Pushcha, a part of which lies in the Grodno Region.

However, before saying this Lukashenka praised Yeltsin for writing off Belarus' debts. The $1.3 billion Yeltsin wrote off for Lukashenka — is this not an investment into our economy, he asked. He also admitted doing Russia wrong by violating the rules of the Customs Union and illegally importing goods to the value of $32 million.

He went on by relating, for the first time, the story of being offered $10 billion for the Russian radar station for monitoring nuclear missiles, situated near Baranovichi, which he refused, saying he will not trade in friendship with Russia.

Finally, the president announced that a Belalrusian national congress is to be held on 14 September in the hero city of Minsk, in which 6,000 people from all over Belarus are to take part. [end recording]

Belarus: Lukashenka Says No Parliamentary By-Elections

LD1508202396 Moscow INTERFAX in English 1807 GMT 15 Aug 96

[FBIS Transcribed Text] GRODNO, Aug 15 (Interfax-West) — Belarusian President Alyaksandr Lukashenka said at a meeting in the western city of Grodno that there will be no parliamentary by-elections in the country. "What we need is work, not political fuss," he said.

The Central Electoral Commission had earlier set by-elections for November 24.

Lukashenka said that the country does not need 300 MPs [members of parliament] as the constitution requires and "the 199 who are doing their job now is quite enough."

By calling a referendum, in particular on adoption of a new constitution, he "raises the issue of confidence in the president," he said.

If the people support his initiatives, then, Lukashenka said, he "will continue his present policy." If they do not, "this president has three years in office during which he can start all-out reforms similar to those in other republics," he said.

"Even if the people will tell the president to break up collective and state farms and destroy the existing economic mechanisms," he would not do so. Lukashenka made it clear that somebody else would have to carry out this policy.

Lukashenka also said that he remains "a supporter of a united country," meaning the Soviet Union. He deplored the dissolution of the union by saying that a great power was stupidly trampled on.

The West is not interested in the unity of the former Soviet republics and the community of Belarus and Russia causes "misgivings" in the West, Lukashenka said.

Belarus could have $10 billion for the closure of the Gantsevichi radar station, he said. Lukashenka made it clear that a Western country had made this offer.

The station is strategically important for Russia. That station and the communication center in the town of Vileika which coordinates the movements of Russian nuclear submarines in the Baltic Sea and North Atlantic are now used by Russia.

Lukashenka said he rejected that offer by saying: "I do not trade in friendship with Russians." The two peoples are linked by brotherly ties "and there is Russian blood in the veins of numerous residents of Belarus," he said.

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Belarus: Presidential Staff Plan for Referendum Leaked

MM1508132396 Moscow IZVESTIYA in Russian 15 Aug 96 p 2

[Article by Otto Latsis: "$1 Million To Bribe Journalists: What Proportion of This Sum Do the Belarusian President's Advisers Intend To Spend in Russia?"]

[FBIS Translated Text] IZVESTIYA's editorial office has in its possession a document produced by the Belarusian president's staff. It is entitled the "Program for Foreign Policy Backup of the Referendum." That is to say, the planned referendum on changing the Constitution of Belarus, as a result of which the personal power of the president will be considerably increased and, according to certain proposals, his term of office also extended. The form and content of the document say a great deal about the nature of power in that neighboring country, to which Russia is linked by a special relationship.

NATO "at Lukashenka's Beck and Call"

The program's preamble relates the Belarusian president's great political successes. The following passage, for example, is impressive: "The president of Belarus made an extremely strong personal impression upon French President Jacques Chirac, who, in the presence of a small group of his advisers, spoke of the two presidents' definite similarity of character." It would be interesting to know what awards are due to the Belarusian diplomatic officials who devised such reports appealing to the leader's self-esteem.

The document then goes on to propose that "effective foreign policy backup for the referendum and propaganda of its significance be deployed to thwart the opposition and forces hostile to the president both within the country and abroad." The whole memorable style of CPSU apparatus documents of the time of stagnation. What is it doing in a document from the entourage of the Belarusian president, who attacked the Communist candidate in the elections?

I.I. Antonovych crops up frequently among the names of those in whom the implementation of the program is vested. And it is intended to appoint Antonovych the leader of the "group for the coordination of foreign policy activity on this question." If you recall the tradition of composing party and soviet documents, this is a sure sign that Antonovych wrote it. This is also confirmed by our own sources. Who, then, is he, the author of the program? Today Ivan Antonovych is Belarusian deputy foreign minister. But in 1990-1991 he was the RSFSR Communist Party Central Committee secretary for ideology. The same Polozkov party in which there was a secretary for ideology called Gennadiy Zyuganov, who has made the present Communist Party of the Russian Federation the de facto successor of the party disbanded after the August putsch. Antonovych was one of the most active fighters against not only democratic reforms but also Gorbachev's perestroyka. Why do such cadres increasingly appeal to Alyaksandr Lukashenka? This is a big mystery, but let us return to the document.

Proposal Number One: "It is necessary to shift the general tenor of counterpropaganda slightly to the right and explain the referendum as the task of eliminating former Soviet structures of power which are obstructing the implementation of reforms and democratization." You could not be clearer. Alyaksandr Lukashenka, who ascended to the throne by exposing the decay of Communist power, is being increasingly damaged by the fact that he makes unduly blatant use of the methods of that very power, and therefore he is advised to emulate the Russian president, whose support is extremely necessary to him.

Given that the opposition to Lukashenka's policy is concentrated in parliament, the program proposes that "the Supreme Soviet be unambiguously described as a purely formal outmoded socialist branch of power incapable of creating legislation under reform conditions."

The phrasing of the central referendum question proposed by the program contains nothing new: "Do you support the new wording of the Constitution of the Republic of Belarus?" What is interesting is the reasoning as to why the Belarusian authorities should not bind themselves with commitments to oppose NATO expansion eastward. "We think it extremely dangerous that any prior commitments be made today on the question of the NATO military-political bloc, particularly in light of the fact that the NATO leadership stated quite recently that in the event of a number of East European countries being admitted to the alliance no nuclear weapons will be deployed on their territory. After all, NATO is in effect thereby indirectly supporting the Belarusian president's initiative on creating a nuclear-free zone in Central and East Europe."

It is clear that if such a question is put in the referendum the Belarusians will oppose NATO expansion, but the Belarusian authorities are reluctant to say that today. But what a quirk of apparatus thinking: NATO in the role of executor of the Belarusian president's initiative!

"Preparing the President's Thoughts"

You then get the usual propaganda fare, which, however, is intriguing in its own way. Here is just one of

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the propaganda measures proposed: "Prepare for an academic political studies journal from the former 'Sovietology' camp, like the SLAVIC REVUE (Britain), the president's thoughts on the ways and means of preserving social stability during the transition period, the kind of society which is taking shape in Belarus, and the kind of society that it is desirable to build, including, moreover, the possibility of applying such a model in other countries." It would be interesting to know which countries today could be keen on the "Lukashenka model."

Having amused themselves with ideas such as "organizing" the appearance of articles in America's FOREIGN AFFAIRS and FORTUNE and Britain's ECONOMIST, the program's authors propose something more realistic to the Belarusian authorities: To prepare three video features. A selection of topics: "The president carrying out his duties in different situations (the leadership of the executive branch — definitely working contacts with parliament and meeting with people, possibly in the role of commander in chief) and in private life (but do not get carried away with it)."

And in conclusion the most important thing:

"Serious attention should be paid to the financial side of things, given that the fees of well-known foreign journalists (particularly TV) could come to $400,000 to $600,000 a year, a minute of TV time could cost $10,000, and a newspaper page around $200,000, $1 million and 500 million rubles must be allocated to support the foreign policy program. A list of an "aktiv of writers" must be drawn up from among political observers, journalists, radio and television commentators, political experts, and analysts whose very name and image are associated in the minds of the public of a country with objective, well-informed, and interesting views."

We would like to know who is paying these fees. And would like to have a peep at the list of the "aktiv of authors" who are objective, interesting, and respected by the public of their country and also hire themselves out. The idea of obtaining $1 million for secret operations where no receipt for the sum has to be spelled out is a good one on the whole. What opportunities it opens up!

The Program in Action

Has this program been adopted for execution? That is the crux of the issue. We asked Minsk journalist Viktor Dyatlikovych to talk about the actual steps taken to prepare the referendum — how far do they coincide with "Antonovych's program." This is what he told us.

Some changes have been made to the program. However, the plan is basically, as events show, being carried out in a way pretty close to the available draft. Although he earlier promised he would, the president has not submitted to referendum the question of our attitude to NATO's eastward expansion. Last month the Foreign Ministry prepared public opinion for such a turn of events. At the two most recent briefings Antonovych has articulated almost word for word the provisions of the plan on the "bloc's possible evolution" and "indirect NATO support for Lukashenka's initiative to create a nuclear-free zone in Central and East Europe," which has determined the absence of the question on NATO.

The thrust of the antiparliamentary propaganda, which has intensified of late, coincides with that laid out in the plan. On 6 August, NARODNA HAZETA, the [country's] largest circulation newspaper, published an interview with the president. All the criticism of parliament amounts to "The Supreme Soviet is becoming ever more noticeably a brake on the adoption of laws creating a legal basis of support for carrying out economic reforms."

The need to change the Constitution in absolute accordance with the plan is due to the fact that it, just like many laws, "impedes the creation and adjustment of a market mechanism for economic management."

Lukashenka's staff draws special attention to the fact that the holding of the referendum has met with a positive response from the Russian leadership. Local commentators largely link the fulfillment of this task to the visit to Moscow by Belarusian Security Council Chairman Viktor Sheyman — one of the people closest to the president.

Given the Russian media's influence, the presidential staff, according to IZVESTIYA's information, sent a letter the other day to the leadership of ORT, RTR, and NTV asking them to replace their correspondents in Minsk, proposing their own candidates, who are very loyal to the president (how complex everything has become: in former times a telephone call to Moscow from the republic Central Committee would have sufficed).

The president himself has stepped up his activity of late, endeavoring to make appearances and statements on the holding of the referendum as often as possible.

....Here you see how little political labels mean nowadays. You can pose as an anti-Communist fighter, a reformer and democrat, a friend of Russia, "shift slightly to the right" — anything will do provided it helps the main thing: consolidating your personal power regime.

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Moldova

Moldova: Parties React to Snegur Refusal To Sign Dniester Memorandum

AU1508205296 Chisinau BASAPRESS in English 2220 GMT 14 Aug 96

[FBIS Transcribed Text] Chisinau 14/8/1996 (BASA-press) — The rightist political parties said they agree with the statement released by President Snegur who refused to sign the memorandum on the settlement of the Dniester conflict, while the leftist parties demand the urgent signing of this transition document.

Contacted by BASA, Vlad Darie, head of the Moldovan Liberal Party's executive board, stated that the president's refusal to sign the document will set up two political camps: a pro-Moscow and a pro-independence one.

"All those who opt to sign the respective document tried nothing but to make Moldova a kind of Dniester region and bring it back to the Russian empire," said Darie. According to him, Snegur's statement includes two important moments. First one is the exterior consequences of the memorandum, "whose signing would be a dangerous precedent in Europe." "The other significance of this statement is the refusal of the policy of giving up. Any giving up in favor of the Dniester authorities is equal with surrender," said Darie.

Valeriu Senic, Socialist Unity (US) faction head, told BASA that the US deputies remained on their earlier stand, opting to speed up the singing of the document. He said the US faction also adopted a statement on the fitness to sign the memorandum. The statement will be made public soon, Senic said.

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Kazakhstan

Kazakhstan: Russia Cuts Off Electricity Supplies to North Over Debt

LD1508121196 Moscow ITAR-TASS in English 1121 GMT 15 Aug 96

[FBIS Transcribed Text] MOSCOW, August 15 (Itar-Tass) — Russia has cut off electricity supplies to Northern Kazakhstan, according to Boris Syutkin, a spokesman for the national stock company "Russia's Single Energy System" (SES).

Syutkin said Kazakhstan owes Russia more than $420 million for the already consumed electricity, and the SES would not resume the supplies until the debt is fully repaid.

According to the spokesman, the electricity supplies to North Kazakhstan were cut off after repeated appeals to Kazakhstan authorities and the leadership of that republic.

"Another factor was the shortage of fuel at the Russian power stations caused, in part, by the irregular supplies of coal from Kazakhstan's Ekibastuz coal field," Syutkin said.

He specified that no more than 40 percent of contracted coal was delivered to the Troitsk power station in the first six months of this year.

Nonetheless, Russia continues to provide electricity to West Kazakhstan regions under direct contracts signed by those regions with Russian power stations. The customers in West Kazakhstan have been paying their bills regularly, Syutkin said.

The Ministry of Energy and Coal Mining of Kazakhstan believes that the incident will not trigger off a protracted "war" between Russia and Kazakhstan as Russia also depends on this former Soviet republic to a certain extent.

Russia feeds electricity to its Omsk region via Kazakh territory, ministry sources said. Unless a compromise solution is found soon, Russia will have to build a new electricity transmission line circumventing the Kazakh territory, the sources warned.

According to Minister of Energy and Coal Mining of Kazakhstan, Viktor Khrapunov, an optimal solution to the problem can lie in the creation of a joint company between the power engineering enterprises of the two countries. The company would be able to ensure electricity transit from Siberia to the Urals along Kazakhstan's power transmission lines.

The profits produced in Kazakhstan in this way would be used to repay the debts for the consumption of Russian electricity, the minister said.

Kyrgyzstan

Kyrgyzstan: Minister Says Economy Needs Protection From World Market

LD1508162296 Moscow INTERFAX in English 1540 GMT 15 Aug 96

[FBIS Transcribed Text] BISHKEK, Aug 15 (Interfax) — The Kyrgyz government must adopt a program for ensuring the country's economic security, Kyrgyz Economics Minister Talaybek Koychumanov told Interfax Thursday.

The ratio of the volume of foreign trade to gross national product is several times that of Germany, Russia or Japan, he said. "For this reason any fluctuations on the world market take a heavy toll on the Kyrgyz economy," Koychumanov said.

This applies, above all, to the prices of fuels, grain and numerous strategic commodities, he said. Important indices such as the structure of export, foreign investments, foreign debt, the fraction of export in the volume of trade "must be under the state's special control," Koychumanov said.

With a dramatic production decline, "critically small internal investment," obsolete technology and high unemployment the country is approaching a critical line, he said.

The Economics Ministry has drafted guidelines on the strategy of Kyrgyzstan's economic security, Koychumanov said. Numerous steps will be taken under an indicative plan for 1996-98 that has been adopted earlier, he said. These steps are expected to increase production by 3.5 percent in 1996 and by 7 percent in 1997, the export structure will be improved, production modernized and employment increased, Koychumanov said.

Experts of the National Statistics Committee and the International Monetary Fund agree that the criminal economy accounts for nearly 13 percent of Kyrgyzstan's GDP.

Tajikistan

Tajikistan: Russian Guard Denounces Escalation of Border Tension

LD1608084496 Moscow ITAR-TASS in English 0818 GMT 16 Aug 96

[By Anatoliy Yurkin]

[FBIS Transcribed Text] MOSCOW, August 16 (Itar-Tass) — The Federal Frontier Guard Service of Russia

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has issued a statement about the impermissibility of the escalation of tension on the Tajik-Afghan border, which is being kindled by the armed opposition with the support of Afghanistan. Despite measures, taken by the Russian and the Tajik diplomats and representatives of the frontier guard troops for stabilising the situation on the border with Afghanistan, it dramatically worsened at a number of border sections.

The statement says that 300 militants are concentrated on the territory of Afghanistan, in front of the village of Kalay Barpazh. They are getting prepared for illegal actions against Russian frontier guards. An Afghan army unit helped the illegal armed group to move close to the Tajik-Afghan border, from its area of deployment across the Kurang mountain pass, the statement stressed.

The growing activity of the militants was noticed near the border at other parts of Afghanistan too. According to the information of the Federal Frontier Guard Service, field commanders of illegal armed groups have already reported to the command of the irreconcilable opposition that the "way" to the border is open and that they are ready to break through to Tajikistan.

Taking into account all those facts, Russian frontier guards together with Tajik authorities are taking measures for tightening the border regime and building up their potential for stopping a possible provocation.

The Federal Frontier Guard Service addressed its statement to the leaders of the irreconcilable Tajik opposition, stressing that any armed provocations on the part of the militants are doomed to failure and will result only in more bloodshed and the growth of tension on the border, for which the attacking side will be fully responsible.

Tajikistan: Armed Groups Exchange Fire West of Dushanbe

LD1508165196 Moscow INTERFAX in English 1610 GMT 15 Aug 96

[FBIS Transcribed Text] DUSHANBE, August 15 (Interfax) — The situation has sharply worsened in Tursunzade, 60 kilometers to the west of the Tajik capital Dushanbe, where according to Tajik military sources, an exchange of fire broke out Thursday afternoon two to three kilometers outside of the town between two local armed groups reportedly totalling 150 men.

The sources accounted the clash to competition between the groups over control of the local aluminum, porcelain and other plants. The groups are also fighting for the post of mayor of Tursunzade.

Since last February the town has seen several unauthorized rallies inspired by "destructive forces" which put forward economic and political demands. Almost all of the demands were fulfilled, except for the full payment of belated earnings, social benefits and pensions which was impossible due to current economic difficulties, the sources say.

A government working group which met the conflicting sides returned from Tursunzade Wednesday. On Thursday the Tajik leadership was supposed to assemble to discuss ways of easing tension in Tursunzade by peaceful means.

A high-ranking official from the presidential administration told journalists the government will take emergency measures to localize the conflict in Tursunzade.

Tajikistan: Bomb Blast Kills Russian Serviceman in Dushanbe

LD1508084696 Moscow INTERFAX in English 0827 GMT 15 Aug 96

[FBIS Transcribed Text] DUSHANBE, August (Interfax) — A Russian serviceman of the group of Russian border troops in Tajikistan was killed and two soldiers were wounded when a bomb exploded on a street in the republic's capital Dushanbe Thursday morning.

According to the group's press center, the 1 kilogram TNT self-made mine exploded, killing the driver of a ZIL-130 truck, and wounding two servicemen aboard.

According to a press center spokesman, the remote control booby trap was planted in a section of the water supply pipeline under Borbad Street, where air force regiment pilots, attached to the group of Russian border troops, reside. The bomb was exploded 500 meters from the place of the blast, the source said, adding that the truck was carrying 12 regiment servicemen to their base.

It was the third terrorist act against Russian border guards in Dushanbe this year.

A group of officers from Tajikistan's Security and Interior Ministries and from the Russian Military Prosecutor's Office in that republic has begun an investigation.

Tajikistan: President's Envoy To Coordinate Government Units in War Zone

LD1508205796 Moscow INTERFAX in English 1543 GMT 15 Aug 96

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] [no dateline as received] President Emomali Rakhmanov empowered Zafar Ikramov, the government co-chairman of the joint commission

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supervising compliance with the truce with opposition forces, to coordinate the government armed units in the Tavil-Dara district.

Ikramov, who is also Rakhmanov's adviser, told Gerd Dietrich Merrem, head of the U.N. observation mission in Kazakhstan and U.N. secretary general's special envoy, that this step was taken to implement the Ashgabat agreements on cessation of hostilities between government and opposition units in Tavil-Dara, 210 kilometers east of Tavil-Dara, that broke out early in May.

The presidential order is also designed to facilitate a prisoner exchange in a near future, Ikramov thinks.

Ikramov suggested that a meeting should be arranged between opposition field commanders and commanders of the government units stationed in Tavil-Dara.

Merrem told a news conference in Dushanbe Wednesday that an opposition member of the joint commission left on the same day for Taloqan, Afghanistan, where the opposition headquarters is, to inform his superiors of the Ikramov proposal.

The prisoner exchange remains at the top of the Tajik government's agenda, Merrem said. The U.N. mission is prepared to facilitate the exchange which has been obstructed by continuous fire exchanges in Tavil-Dara and lack of security guarantees, he said.

Ikramov's initiative will be appreciated by the opposition leaders and facilitate the prisoner exchange, Merrem hopes. If the exchange is delayed, numerous prisoners are likely not to survive the lack of medical aid and poor conditions of their captivity in the opposition camps, he said.

The U.N. mission in Tajikistan has ended its attempts at sending its groups to Tavil-Dara. This decision was made in the U.N. new York headquarters because since August 8 only one group of military observers had succeeded in moving to the town where it could stay as little as 50 minutes, Merrem said.

Tajik government officials do not allow U.N. observers into the area saying that their security cannot be guaranteed, he said.

The daily attempts mounted by the mission to set up a stationary observation post under the agreements reached at the latest round of the government-opposition talks in Ashgabat have failed, Merrem said.

Still, all the 45 observers are fully prepared to start their mission, he said.

Merrem was especially concerned over the plight of the nearly 1,000 Tavil-Dara civilians, chiefly women and children, who had been trapped in the fighting area.

About 25,000 refugees are stranded in a valley east of Tavil-Dara and nearly 7,000 are in the towns of Kalaikhum and Komsomolabad, he said.

International humanitarian organizations have the wherewithal, food and medicines to aid the refugees but they need security guarantees for the transportation and distribution of humanitarian aid.

Tajikistan: Rebels Say Government Unit Surrounded in Tavil-Dara

LD1608061696 Voice of Free Tajikistan in Tajik 0600 GMT 15 Aug 96

[FBIS Translated Text] A number of soldiers of the Dushanbe regime [Tajik government] have been surrounded by mujaheddin of the Islamic Movement of Tajikistan's army in the Chil-Dara area of Tavil-Dara district. A Tajik Defense Ministry official informed the Dushanbe correspondent of the Voice of Free Tajikistan about this yesterday evening.

Talking about reports received from the region, the official, who wished to remain anonymous, said that as a result of the clashes, all civilians are either fleeing or are joining the mujaheddin. The government forces are now surrounded and awaiting reinforcements from the center of the republic that were summoned three days ago.

The Defense Ministry official told our correspondent that according to a government troop commander in the region, these forces are in a dangerous situation and are unlikely to be able to hold out against the forces of the Islamic Movement of Tajikistan until the morning. He said the mujaheddin have twice as many men located in the Chil-Dara area and have heavy and light weapons.

The Defense Ministry official quoted the commander of the surrounded regime troops as saying that because of the arafa-i Juma, the supporters of the Islamic Movement are ready to become martyrs. It is impossible to oppose the mujaheddin, because they are ready for everything to reach their aim, the Tajik Defense Ministry official said during his interview to the Dushanbe Voice of Free Tajikistan correspondent about the situation in Chil-Dara area of Tavil-Dara.

The latest reports from Chil-Dara say that the mujaheddin have demanded that the surrounded government forces should lay down their arms. In exchange the opposition supporters gave a guarantee of their security. Some regime supporters are said to have been killed and

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others injured in the fierce clashes, including an officer, Sobir Orifov, who is in a critical state. The latter, who had been working in the police department of the Rohi Ohan district of Dushanbe, was sent to Tavil-Dara a few days ago.

Tajikistan: UN Observers Abandon Attempts To Reach Tavil-Dara

LD1608065696 Voice of Free Tajikistan in Tajik 0600 GMT 15 Aug 96

[FBIS Translated Text] The UN observers have abandoned their intention to go to Tavil-Dara. Gerd Dietrich Merrem, the UN secretary general's special envoy to Tajikistan, announced this in Dushanbe yesterday and Liberty Radio's Russian service reported it this morning. He said that the government had promised several times to help the UN mission in Tajikistan to get to the conflict area. However, every time the government had refused to fulfill its promises and created new pretexts to prevent the UN observers from going to Tavil-Dara.

The UN military observers were to have located their posts on the battle fronts of both sides on 21 July. But to this day the Dushanbe regime has been impeding the implementation of this measure. Two attempts by the UN military observers to go to Tavil-Dara failed due to the government officials' reluctance. Analysts say that the Dushanbe regime is keeping secret the reality of Tavil-Dara, so that the crimes they committed in the area will not be revealed.

Tajikistan: Four Government Soldiers Killed in Tavil-Dara

LD1608101996 Voice of Free Tajikistan in Tajik 0600 GMT 16 Aug 96

[FBIS Translated Text] According to a military source of the Islamic Movement of Tajikistan, clashes are continuing between the Dushanbe regime [Tajik Government] and Tajik mujaheddin in Tavil-Dara. The report says that on the night of 14-15 August a clash lasting several hours took place between the two conflicting sides in the centre of Tavil-Dara District, as a result of which four government servicemen were killed and six others were taken prisoners by the mujaheddin. The mujaheddin also seized an armoured personal carrier and ten light weapons.

The report also says that clashes continued in the Vakhiyo area yesterday and that the mujaheddin advanced towards the Shorak area. Further the report adds that two military helicopters belonging to the regime bombarded Langar village for four hours from 0600 yesterday. One can say that the village was levelled to the ground.

Uzbekistan

Uzbekistan: Karimov Signs Decree on Payment of Taxes to Budget

LD1208184396 Moscow INTERFAX in English 1635 GMT 12 Aug 96

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] [no dateline as received] President Islam Karimov has signed a decree to ensure timely and full payment of taxes to the budget.

The decree says the State Taxation Committee has the right to demand the payment in lieu of taxes of amounts equivalent to the value of the property of the debtor enterprise. The money will be demanded not only from the accounts in sums (the national currency - IF), but also from hard currency accounts through the sale of the enterprise's hard currency on the exchanges.

The decree maintains that exported goods are considered sold with all taxes paid 60 after they cross the Uzbek border.

The document also envisages the improvement of operations related to bills of exchange to return money to the budget on time.

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Armenia

Armenia: Russia's Caucasus Border Troop Commander Visits Yerevan

MK1608065696 Moscow NEZAVISIMAYA GAZETA in Russian 14 Aug 96 p 3

[Unattributed report: "Armenia"]

[FBIS Translated Text] A group of Russian border troop officers headed by Lieutenant General Vladimir Ruzlyayev, commander of the Caucasus Special Border District, has completed its visit to Yerevan.

General Ruzlyayev and the officers accompanying him visited the posts of Russian border troops on the Armenian-Turkish border and met with chiefs of Armenian border regions.

Colonel Yakovlev, chief of staff of the Armenian Group of Border Troops, said that Russian and Armenian border guards conducted a joint operation in the area of responsibility of the Artashat Russian border troop detachment and seized a large group of Kurdish guerrillas, who attempted to cross the border. The Armenian National Security Ministry is investigating the incident.

Vladimir Ruzlyayev assessed the situation on Russian borders — in Ingushetia, Dagestan, Georgia, North Ossetia, and Armenia — basically in positive terms. Commenting on reports by certain mass media to the effect that the border between Azerbaijan and Russia is transparent, for which reason the Chechen separatists receive weapons and ammunition from Azerbaijan, Mr. Ruzlyayev said that the border can only be crossed through isolated mountain passes. On the whole, however, the Russian-Azerbaijani border is adequately protected, the general said.

The commander also expressed his view that the Armenian-Russian cooperation to protect the Armenian-Turkish border as well as to strengthen the CIS' southern borders in the Transcaucasus has good prospects for the future.

Armenia: Opposition Presidential Candidates Issue Joint Statement

NC1508205796 Yerevan NOYAN TAPAN in English 1443 GMT 15 Aug 96

[FBIS Transcribed Text] YEREVAN, August 15 (Noyan Tapan)—Six presidential candidates from opposition made a joint statement in connection with the 40th anniversary [as received] of Vahan Hovhannesyan, one of the leaders of ARFD [Armenian Revolutionary Federation-Dashnaktsutyun] of Armenia, who is charged with "High Treason, organization of coup d'etat and terrorist acts against high ranking officials of Armenia".

The statement reads that the opportunity to strengthen democracy was not used in Armenia and a tendency to deviate from positions achieved by Karabakh movement is observed now, whereas the process of democratization was stopped. Destructive processes both in economic and other spheres started.

Opposition leaders think that demoralization and disappointment resulted in people's political and civil isolation, its alienation from solution of vital problems, like emigration which acquired "catastrophic scales". In the same light we should consider political restrictions and pressure against one of the leading opposition parties in the Republic — ARFD, as well as trials of political nature.

Then the statement reads: "It is obvious that the program of elimination of ARFD from the political arena, its neutralization stroke a serious blow on the processes of establishment of democracy, free and multipolar statehood. Republic's internal political life was driven on a non-prospective course which comprises a danger for our statehood. One of the most characteristic results of all above-mentioned is that member of ARFD Vahan Hovhannesyan is presently under custody.

Vahan Hovhannesyan is respected and loved political figure in the Republic, and it is not occasional that ARFD Supreme Assembly nominated his candidacy at the forthcoming presidential elections. Unfortunately, he is not free and cannot participate in this important political event".

Opposition leaders congratulated Vahan Hovhannesyan on his birthday, wished him health and inflexible will.

In conclusion they called on the authorities to display tolerance and understanding in internal political problems, solve all problems proceeding from justice, as well as ensure independence and impartiality at judicial processes.

The statement was signed by: Lenser Aghalovyan ("Artsakh-Hayastan"), Paruyr Hayrikyan (National Self-Determination Union), Sergey Badalyan (Communist Party), Vazgen Manukyan (National-Democratic Union), Ashot Manucharyan (Scientific-Industrial and Civil Union) and Aram Sargisyan (Democratic Party).

Azerbaijan

Azerbaijan: Iran, Turkey Said To Agree on Armenian-Azeri Conflict

NC1508160596 Baku TURAN in English 0528 GMT 15 Aug 96

[FBIS Transcribed Text] BAKU/15.08.96/TURAN—On the eve, the Minister of Foreign Affairs Gasan

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Gasanov received Charge d'Affaires of Iran to Azerbaijan Afshar Suleymani. During the meeting they discussed the terms of the forthcoming visit to Iran of the Minister of Foreign Affairs of Azerbaijan Gasan Gasanov. They touched on bilateral and regional issues, the state of the Armenian-Azeri conflict and the problems of the Caspian.

Afshar Suleymani briefed Gasan Gasanov about the results of the visit of the Turkey's Prime Minister Necmettin Erbakan to Iran. Mutual understanding on the question of joint efforts for the resolution of the Armenian-Azeri conflict has been obtained between Iran and Turkey, Suleymani said.

Gasan Gasanov, in turn, greeted these joint efforts and said that Azerbaijan appreciated strengthening of relations between Teheran and Ankara. According to Gasanov, strengthening of the Iranian-Turkish relations meet the interests of Azerbaijan, press-service of the Iranian Embassy in Baku reports.

* It became known that the visit of Gasan Gasanov is to take place after 20th August.

Georgia

Georgia: FPS Director's Criticism of Border Guarding Said Groundless

LD1508191796 Moscow INTERFAX in English 1607 GMT 15 Aug 96

[From the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] TBILISI, Aug 15 (Interfax) — Revaz Adamiya, head of the Georgian parliamentary Defense and Security Committee, has expressed perplexity over various statements made by Russian Federal Border Service [FPS] Director Andrey Nikolayev during his visit to Georgia, which ended Tuesday.

Nikolayev groundlessly criticized the way the Georgian border is guarded, Adamiya told a news conference in Tbilisi Wednesday.

According to him, such statements may compel the Georgian Foreign Ministry to react accordingly.

Georgia is currently prepared to control its borders, in particular the border with Turkey, on its own, said Adamiya.

"Repeated blocking of Georgian goods by Russian border guards at check points in Vala and Sarpi compel Tbilisi to reconsider the Georgian-Russian treaty on border guarding," he said.

Georgia: Pro-Georgian Abkhaz Leader Objects to Talks

LD1508191396 Moscow INTERFAX in English 1816 GMT 16 Aug 96

[From the "Diplomatic Panorama" feature by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov]

[FBIS Transcribed Text] TBILISI, Aug 15 (Interfax) — Tamaz Nadareishvili, chairman of the Supreme Soviet of the Abkhazian Autonomous Republic based in Tbilisi, was less than enthusiastic about the idea of a new meeting between Georgian President Eduard Shevardnadze and Abkhazian leader Vladislav Ardzinba.

"What is there to talk about if Abkhazia is an inseparable part of Georgia in Shevardnadze's book and an independent state in Ardzinba's book," Nadareishvili told Interfax Wednesday.

If it does take place, the meeting will not bring about any political results, he said.

Georgia: Ethnic Armenians Said To Be Persecuted in Abkhazia

LD1508211896 Tbilisi BGI in Russian 1237 GMT 15 Aug 96

[FBIS Translated Text] A document, which is being circulated by BGI news agency today, has been obtained by the agency through unofficial channels of the [Tbilisi-based] Supreme Council and the Council of Ministers of the Autonomous Republic of Abkhazia. We were told that the document was in essence a report by an informer from Sukhumi. Naturally, the informer was not identified, but it was claimed to be a well-informed source. We are circulating the report in the form we have received and warn our customers that we had no chance to verify the trustworthiness of its contents:

[Begin document] Since combat activities in Abkhazia ended, relations of the Abkhaz and confederates with the ethnic Armenian population have deteriorated. Ethnic Armenians have become the object of constant oppression, robbery, and abduction with the aim to extort ransom. This is confirmed by the following facts:

Razmik Ipekyan, a surgeon of the No.2 Sukhumi hospital, was executed by shooting [rasstrelyan] in December 1993.

The Ter-Danelyan family (Sergey, his wife Tatyana, and their two children of 11 and 14) were executed by shooting [rasstrelyana] by the Abkhaz in the village of Varcha, Gulripsh District at the end of March 1994.

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Sixteen cars were taken away from ethnic Armenian residents of the village of Ganakhlkeba, Gulripsh District in April 1994.

Four ethnic Armenian women were raped in the village of Atara-Armyanskaya, Ochamchire District, in April 1994.

Residents of Gagra Gasparyan and Saryan were abducted by the Abkhaz in May 1994, who later received 90 million rubles as ransom.

In the presence of Vladimir Grigoryan (former head of the Ochamchire construction authority), his elder brother Akop was executed by shooting in June 1994.

The Yeremyan brothers, Sergey and Grigoriy, were executed by shooting at the end of October 1994.

Seven ethnic Armenians died as a result of a clash between the Abkhaz and the Armenians in the village of Nizhnyaya Eshera, Gudauta District, on 5-6 November 1996, when the Abkhaz tried to take away the citrus fruit crop belonging to the ethnic Armenian residents of the village.

Several young male ethnic Armenians were abducted in Gulripsh District in January 1995. The hostages were later killed. This caused an armed clash between ethnic Armenians and ethnic Abkhaz.

Fearing an organized armed action in case relations between ethnic Armenians and ethnic Abkhaz further deteriorated, the [Abkhaz] authorities dissolved Armenian armed formations (the Bagramyan battalion, No.3 Armenian battalion and others) and scattered their servicemen among Abkhaz units.

An Armenian charity organization, Krunk, is on the verge of abolition because the Abkhaz believe the society has already exhausted its role in the fight against Georgians and its further activities are not required. Although Krunk is not persecuted officially, malevolent attitudes toward it by the Abkhaz separatist authorities and the population can be clearly observed. Krunk is deprived of the right to use the press, radio, or television and is encountering all kinds of obstacles.

The oppression of the ethnic Armenian population by Abkhaz separatists has become systematic. Apart from political and physical persecution, economic oppression of Abkhazia's ethnic Armenian population has become more and more noticeable lately. Thus, the interests of ethnic Armenians in the current process of privatization is completely ignored. By instructions from leaders of Abkhazia and Vladislav Ardzinba personally, they are actually denied the right to privatize any more or less profitable industrial or service facilities. Meanwhile, ethnic Abkhaz and aliens of the Abkhaz origin face no restrictions.

Mass settling of Makhajirs [ethnic Abkhaz deported to Turkey by Russians in 19th century] in Abkhazia resulted in displacing Russian-speaking population and ethnic Armenians from their places of residence under the slogan — Abkhazia is our land. Thus, 126 ethnic Armenian families residing in the Gantiadi-Leselidze area have been forced to leave Abkhazia and seek shelter in Krasnodar Territory. This, subsequently, raised discontent among the Cossacks. The Cossacks' stance is to wait until the Armenians build homes and then drive them away and occupy their houses.

Ethnic Armenians, as well as the majority of Russian-speaking population of Abkhazia, pin their hopes on the return of Georgian refugees, believing this will reestablish peace, end criminal lawlessness, and revive the economy. [end document]

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Estonia

Estonia: Meri Agrees To Stand in Presidential Elections

LD1608103496 Tallinn Radio Tallinn Network in Estonian 1000 GMT 16 Aug 96

[FBIS Translated Text] President Lennart Meri told some Riigikogu members today that he agreed to stand for president at the end of August for another term. The following went along to Kadriorg [presidential residence] today to propose to Meri that he stand again: Eiki Nestor and Vambo Kaal representing the Moderates Party, Vahur Glaase and Talvi Marja of the Party of Consolidation, Indrek Kannik of the Right-Wingers [parliamentary faction], Arne Veedla, Ignar Fjuk, and Daimar Liiv of the Reform Party, and Mart Laar and Toivo Jurgenson of the Fatherland Alliance.

During their meeting, which lasted for an hour and a half the presidential institution in a parliamentary country was discussed, according to Nestor. As Nestor said, the Riigikogu members and Meri did not set any conditions to each other about the candidacy. A view on presidential duties was presented and the political development that has taken place over the years in Estonia since regaining independence was discussed.

The other likely presidential candidate, Arnold Ruutel, the chairman of the Rural People's Party [EME] and the Riigikogu's deputy speaker, has promised to give his answer about standing for president on 23 August once the EME congress has proposed that he should stand.

Estonia: Foreign Minister Rejects Proposal for Baltic Security Pact

WS1608075696 Tallinn BNS in English 1900 GMT 15 Aug 96

[FBIS Transcribed Text] Tallinn, Aug 15, BNS — Estonian Foreign Minister Siim Kallas said he did not regard it necessary to sign a Baltic Security Pact, saying it could endanger the three Baltic states' cooperation with international security structures.

The hopes we put on stronger allies are much higher than our own possibilities to solve our security problems, Kallas told a press conference on Thursday.

Commenting on a declaration by Arnold Ruutel, Aleksander Einseln and Enn Tarto on the signing of a Baltic Security Pact, the Estonian foreign minister said that most of the military alliances concluded in the fifties had fallen into oblivion, but not NATO.

"If an alternative to cooperation with international defense structures appears and the Baltic Security Pact damages that cooperation in any way, we'll be in quite a fix," Kallas said.

Kallas emphasized that Baltic military cooperation must occur in the context of general international defense cooperation. "For this purpose we have joined the Partnership for Peace Program, and are cooperating with NATO," Kallas said.

He said a Baltic military alliance could not be anything standing apart and concluding independent security agreements with Russia or NATO.

The contents of a Baltic military pact should be that if one of the states is attacked, other states will go to its assistance. "It is difficult to imagine how this could turn out in practice," Kallas said. "The Baltic military pact looks like a thing from the past."

Military cooperation between the Baltic states was very important, however, Kallas said. "The Baltic states are now involved in military cooperation, and have accomplished a lot in that sphere. It is clear that all the three states have only limited resources and there are functions that could be carried out together," Kallas said.

Kallas said that Estonia, Latvia and Lithuania could guard their air space together, and they could organize joint naval missions and procure armaments together.

The declaration by the Estonian parliament's deputy speaker, Arnold Ruutel, MP Enn Tarto and retired army general Aleksander Einseln would not create a wide resonance either in Russia, the Baltic states or the West, Kallas said. "In democratic countries it is customary for politicians to make statements, and in all likelihood it will be regarded as such," he said.

Estonia: Parliament Postpones Ratification of Latvian Border Treaty

LD1508144896 Moscow INTERFAX in English 1416 GMT 15 Aug 96

[FBIS Transcribed Text] TALLINN, Aug 15 (Interfax) — An extraordinary session of the Estonian parliament postponed ratification of a treaty on the sea border with Latvia Thursday.

Parliament was expected to hold two hearings on the ratification and approve it today at a session called by the government.

However, various deputies from the ruling and opposition parties called on their colleagues not to hurry with passing such an important document and discuss it once more in factions.

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Parliament may hold another extraordinary session on the issue next week but no later than on August 22-26, when it is to hold an extraordinary session to elect a president, parliamentary Foreign Affairs Commission Chairman Eino Tamm told journalists.

He said the most acute issues relating to the establishment of economic and fishing zones will be considered separately.

The treaty was signed by Prime Ministers Tiit Vahi of Estonia and Andris Skele of Latvia in Tallinn on July 12. It regulates the border line in the Gulf of Riga and the Baltic Sea and is expected to put an end to the dispute between the countries over fishing zones near the Estonian island of Ruhnu.

Under the treaty, Estonia has agreed to reduce its territorial waters and economic zone in the Gulf of Riga.

The Estonian Union of Fishermen sharply protested against the treaty. "Under the treaty, Estonia gives the best fishing areas to the Latvians," Union head Toivo Orgussar told a news conference earlier this week. According to him, many Estonian fishermen may lose their jobs after the treaty's ratification.

The Estonian parliament is expected to conclude the session late Thursday evening. The deputies began the discussion of a treaty between Estonia, Latvia and Lithuania on free trade in agricultural products, and of amendments to tax regulations.

Latvia

Latvia: Premier Skele Reviews Government's Work

LD1508211196 Riga NEATKARIGA RITA AVIZE in Latvian 8 Aug 96 p3

["Prime Minister Andris Skele's address on Latvian Television, 7 August 1996 — NEATKARIGA RITA AVIZE headline]

[FBIS Translated Excerpt] Good evening, people of Latvia!

The government that I lead has now been working for seven months.

Perhaps you have become used to me, but I have become acquainted with a lot that was previously foreign to me. I have become involved in what they call politics, and perhaps I have even found out more about it than I would ever have wanted to.

That might come in useful to me in the future, but today I would like to share my impressions with you:

— about what has been done;

— about what has been prevented from being done;

— about what I have been intending to change, and about a few leading motifs which should be observed if we want to ensure our country's development.

I will start with what has been done.

In its first seven months, the government has managed to implement a policy as a result of which a firm basis is taking shape gradually for the successful development of the Latvian economy and state.

Revenue in the state treasury is greater than planned, and if this continues, it will allow us to end the year with a budget deficit of 40 million lats instead of the planned 60 million. From next year this will allow us to cease the endless borrowing to meet everyday requirements, and the country will start to live on what it is able to earn itself.

When this government started its work, the official budget deficit was 90 million lats, but the actual one was about 120 million lats. Next year we will start with a deficit-free budget. So, in the course of one budget year — from 120 million to zero.

In this way, Latvia will have shown itself and the whole world that it is able to decide on a policy that is geared to rapid economic growth. It will be a testimony that we have extricated ourselves from stagnation and set out on a dynamic path of development.

The government's work on next year's budget is proceeding successfully; I myself chair the weekly budget discussion sessions and I know clearly that a deficit-free budget is an attainable goal.

Another achievement is that the country's bond rate is continuing to fall and the demand for long-term bonds is increasing. This process must inevitably leave a positive impression on the building of economic activity, and thereby on the creation of new jobs and the swelling of the state treasury.

Those who call themselves bankers will finally have to start thinking about investing their money in sound business in Latvia, about the client in Latvia, about educating and attracting him. Up to now, unfortunately, the work of Latvian banks has been beneath all contempt.

I know that for many it is not easy to understand the significance of the fall in refinancing. What will the new law on the revenue service yield, or the capitalization of debts of the former state enterprises? It is the job of politicians to orient themselves in these matters, but during these months we have managed to do things which anyone at all can observe.

For example, after a long time, we have been able to start work on the relatively serious matter of bringing

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order to Latvia's roads. [passage omitted: income from excise tax being used on resurfacing roads]

It should be said: Although some people frowned over my visits to the border, local land register offices, and other places, we have increased revenues on the border and there are no longer lines at local land register offices.

Today, there are lines for accelerated privatization of apartments and this has become possible thanks to amendments to the law on privatization of apartments, which this government has passed under the provision of Article 81 of the constitution [giving the government the right to pass bills while parliament is in recess].

Working computers have now appeared on the border. Since the launch of the information network, lightning has already damaged three [border-crossing] points out of seven where this system works. Other natural calamities will most probably occur which will try to damage this system. However, all this only proves that we are on the right track.

I was once asked whether I support speedy reforms or those made step by step. I answered that I support fast progress step by step. [passage omitted]

We have to learn to stride quickly.

There is no other choice.

Of course, in these seven months, work has not progressed as well as one would wish and I will come back to that. However, these seven months have shown to me that by breaking up a great task into small steps, approaching problems with huge responsibility, exactingness, and firmness it is possible to do something.

The state is beginning to work. Gradually, but the state is beginning to work.

We have begun introducing strict discipline in money matters. We have to sum up all the state's liabilities at last and to draw a line underneath, so that we can start the next year with complete clarity and transparency in all financial matters.

In future strict account for every santims will be demanded from all the leaders. The lack of discipline and mismanagement which have existed in many places until now will no longer be permitted.

Also, all is being done to reduce sharply the number of public servants. We will also manage the opera [reference to yet unfinished, very costly refurbishment of the Latvian national opera]; neither will there be problems with the Savings Bank, nor will we be left without weather forecasts [reference to problems with the hydrometeorological department].

These are tasks which, it may seem, do not affect standards of living of people for the time being; the same applies to the fall in interest rates. However, these are tasks without which next steps would not be possible, this is a foundation which must definitely be consolidated, so that we can tackle problems with doctors' and teachers' salaries, increase pensions, and create new jobs.

However, at this moment, it should be understood that the first successes can only just be felt; they are too tender and can be lost in a moment. The government should work better, quicker, and with a better quality than it has been working during these seven months to preserve them and to strengthen them.

The question naturally arises here: But what hinders you, Skele? What has not allowed you to work better? Why have achievements not been bigger? Why is everything happening so terribly slowly? I will readily answer this question. Yes, in December, the fact that it was possible to form a government at all could be consider an achievement. It is not a secret that in forming the government many posts were created and many candidates were appointed because of political ambitions and not because of rational considerations. As a result, we have one of the biggest and most heavyweight governments in Europe. We had 29 ministers and even after my decision to scrap some ministerial post we still have a 27-minister government.

For comparison: Finland has 18 ministers, Estonia — 15, Iceland — 10, while Switzerland has seven ministers, including the president and the vice president, that is — in practice five ministers.

I am not even talking about such a luxury as two-tier local governments whose usefulness is so much defended by those who, thanks to this system, have a good salary, good car and secretary, and who are calling all this democracy.

Are we really so rich? Do we really hope to reduce the army of public servants by increasing the number of ministers? Do we really manage to do five times more than the Swiss Government because we have five times more ministers?

I think not, and these seven months have confirmed this. The pace of change, the pace of work and its quality are not satisfactory. [passage omitted]

At the moment, some parties want to get at the same time both the benefits resulting from being in charge and the benefits which would result from being in opposition. When they want to, they act like supporters of the government, but at other times — like opposition parties. [passage omitted]

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Such duality is not acceptable to me.

It is impermissible for a minister not to carry out his direct duties because his party has a different view. It is impermissible for me to have to fuss over some minister or to have to do his job myself because his party cannot find anyone who can work or because some politician does not know why he has gone into a field about which he knows little.

Yes, I know, you will immediately ask me who I am talking about, ask me to give names, and so on. Look, in my opinion, neither is it right that I cannot publicly say: That minister is weak, because even though it knows it is true, his party, will, nevertheless, definitely be offended and will come out with several ultimatums. [passage omitted]

The ministers should be prepared to accept the following. If, within a specified period, someone has not done what he has been charged with doing, first he will be warned, but after that, sacked. In the future I will make warnings publicly, so that no one is surprised over why this or that minister is sacked.

I am convinced that Latvia can really become a wealthy land only as a result of a strict and consistent state economic and administrative policy. However, that cannot be done if the government and the Saeima do not act vigorously, competently, and in a coordinated manner.

That is why I have decided to turn to factions with an invitation to make the agreement on forming the government more specific and to conclude it in a different form; perhaps as an agreement between me as prime minister and the factions making up the government, defining precisely what the sides' duties and responsibility are; what the consequences are if I do not do my job and what the consequences are if politicians do not do what they have to do. As a basis for such an agreement, I am proposing a specific list, discussed with the ministers concerned, of the most important tasks which have to be completed obligatorily within a stated period, namely, within a year; as well as the procedure by which it can be done, in my opinion.

I believe that there are a number of jobs which must be done immediately if we want to see Latvia as a flourishing and rich land in our own lifetime. I repeat, they must be done immediately. This list, then, is the specification of the government declaration for the coming period of its work. This list is too long for me to read out now, but my officials will be sending it to the newspapers tomorrow, and I think you will be able to familiarize yourselves with it.

In order to carry out this program there must be coordinated action by both the Saeima and the government in concert, because we will never achieve prosperity if we do not all work together but hope that everything will work itself out. Unfortunately, it cannot. [passage omitted on need for coordination and discipline]

The most important tasks of the year are most various, starting with the big issues of principle, such as reducing the budget deficit this year and a deficit-free budget next year, ending with the smaller ones, which are nonetheless important for Latvia's future and security, such as the ratification by the Saeima of the Latvian AMOCO/OPAB [oil exploration] agreement.

Each of these tasks has a specific deadline: one of three months, another of two, but all within a year. Many of these issues are unpopular and difficult to solve, but absolutely necessary. I am prepared to carry them out, because I am aware that it will be much more difficult for the politicians who take my place. They will not be able to avoid thinking about elections, to completely avoid populism, and to rise undisturbed above the logic dictated by mutual party squabbling.

One of the fundamental reasons why my agreement with the factions is necessary, in my opinion, is for them all to see clearly afterward which party is involved in sabotage, which is working well, and whether Skele is doing what he promised or just a windbag. [passage omitted: useful parties to be sorted out from useless ones]

Only society itself can actualize such values as responsibility and attitude to work. Responsibility should be the price that society's leaders pay for the power that society has endowed them with. One's attitude to work, on the other hand, is an essential indicator of responsibility.

Let us just recall how the Saeima conducted the debate on compulsory military service. It ended with two quite respectable deputies fighting in the stadium, each one for his own discipline. [passage omitted: self-interest appears to come first]

It is similar with handing over the Border Guard forces to the Interior Ministry. Under the terms of Article 81 of the Constitution, the government wanted to solve the issue quickly and stringently; unfortunately, although they agree it is right, politicians would not let me act decisively and quickly, once again turning a serious problem into a drawn-out political game, stretching it out just like many, many issues.

For example, there is the painful problem for our society of unemployment, which is closely linked with

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educational problems, because, if they are not solved, we will promote unemployment as a long-term problem.

Educational reform, student credits, rural schools, raising the quality of colleges — these are all questions which will fundamentally affect our approach to the creation of a European culture and a prosperous European state.

Unfortunately, I fear that yet another 1 September will arrive without any serious changes in this sphere.

I could say the same about other spheres, and other politicians, who appear not really to care what they fight with to keep their political capital, but just now I do not want to speak as a judge. [passage omitted: honorable politicians essential to Latvia]

The main thing at the moment is to provide conditions for the government that promote maximum forward movement for its energies. [passage omitted: premier's own administrative experience in government and business qualifies him to strike an agreement with parliamentary factions in coalition and be responsible for results]

At least that is how I have worked in my life up to now, and I see no reason why the state must be a cow to be milked, and not a normal employer. For me too.

Wages must be paid for work done, not for sitting in a chair. If I do not do what I have undertaken to, what was agreed by contract, then I have not fulfilled my task and I deserve no wages. If it were like that, then maybe more ministers, deputies, and officials would appear who think about work, not about side issues.

I am happy to conclude an agreement with parties for a particular task and pay back my wages in the event that, in a year's time, I have not done what is set out in this agreement. However, for that to be so, the parties must also fulfill what they have undertaken, or else in a year's time they must say — well, nothing has changed for the better in the country, because we worked badly and we were unable to fulfill our promises.

At present, the work of the governmment and politicians together is not nearly as effective and good as either I or society would wish. The decline in the people's standard of living has not stopped. [passage omitted: another hard winter ahead; dissatisfied population wants to see the guilty punished for their plight]

The politicians for their part want to remain in their chairs because they feel no sense of guilt. People are upset about the fate of hospitals and about where and how their children will be able to get a good education, but the politicians talk about reforms and directives. It is a different language. Laziness is no longer laziness, but getting in touch with the developing situation. Theft is no longer theft, but a conflict of interests. A fool in office is no longer a fool in office, but stability. [passage omitted]

Thinking about the list of tasks for the year, I also defined three decisive values which must be at the base of our work and thinking if we want to proceed successfully toward well-being. They are: not turning back, stability, and durable policies.

And at this moment it seems to me that I am talking like a politician too. I say: no turning back, stability, and durable policies, but people ask: what is that, what does it mean, and why is it necessary?

What does stability mean? Does it mean unchanging small pensions, unchanging problems with payments for utilities and high prices, eternally badly working officials, and ministers who have feathered their nests nicely? I would like to take the opportunity to answer that question.

No, stability is not stagnation, and one must not call the naked ambition of some politicians' intrigues stability. Stability is a sense of home, it is work. Every person needs a place to return to, a place from which all roads start, and a place to hide when they want to be alone. A place to feel safe in, where everything is known and familiar. Home is a place about which a person is sure that there will be no new order tomorrow that he cannot anticipate today. A person without a home is a stranger everywhere, a person without a home is in permanent discomfort.

It is just the same with a country. We must create a country where a person feels at home; a country where a person does not have to feel like a stranger in an unfamiliar, wild land all the time; a country where every new morning does not bring new unpleasant changes and new unpleasant surprises.

We must create a state where a person does not feel like an unwelcome guest. We must create a state where a person has a home and a job, because a job means you are receiving a wage. A job means you are not superfluous; a country, then, where it is possible to plan for tomorrow; plan your business; plan your career; plan your family and plan your life. [passage omitted further defining stability]

Another leading motif is not turning back. Not turning back means creating a movement directed toward development which cannot be turned back by any lazy person, fool, or scoundrel, even if he wants to. We cannot go back to food coupons and totalitarianism. We cannot destroy our freedom and the welfare for whose attainment we have already suffered so much. We must

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set in motion a process whose positive momentum is so great that it cannot be stopped. At present, unfortunately, we are contending with the inertia of a state of rest — that is, with forces that do not allow us to get moving.

Finally, you will ask me, what do I understand by durable policies? I am not afraid to say that it was a failure to understand this principle that was behind many of our earlier mistakes. [passage omitted on previous short-sighted policies]

Failure to understand what are durable policies, as I have already said, does to a country what a heavy drinker does to his family. In the evenings it seems nice to him to have one more, and just one more, little tipple, and because it is nice at the time, he forgets that tomorrow is a working day, that his wife is worrying about him at home, that his children will again have gone to bed without waiting up for him. It ends in poverty, destruction, and other people's misery.

The government has to ensure a policy that provides slow but stable upward growth, however unpopular and difficult it may be. That is my position and that is how I understand what must be done.

Tomorrow, as I said, my assistants will send to the newspapers the list of tasks that, in my opinion, are urgent and must be done within a year. Those who cannot, will not, or think that something completely different must be done, will obviously not want to work with me. That, of course, is a choice to which politicians have a right.

What is important is not whether the government has a formal majority of 75 or 55 votes; what is important is what the government is able to do. What is important to me as prime minister and as a citizen is what I can do in this country, in this post, in this government. I will continue my work as long as I can work at fulfilling the government declaration, and at the list of tasks in front of me; as long as I can ensure that the country is working.

Thank you for your attention.

Lithuania

Lithuania: Russia Proposes Talks Prior to OSCE Security Summit

WS1308131296 Tallinn BNS in English 1019 GMT 13 Aug 96

[FBIS Transcribed Text] Vilnius, Aug 13, BNS — Russia has proposed organizing bilateral consultations with Lithuania on European security issues in preparation for the approaching summit meeting of the Organization for Security and Cooperation in Europe [OSCE] in Lisbon.

This proposal was made by Russia's ambassador to Lithuania Nikolay Obertyshev at a meeting Monday with Lithuanian foreign ministry secretary Albinas Januska. The meeting was held at the request of the ambassador.

The foreign ministry secretary and the ambassador exchanged views on the most important issues in bilateral relations.

According to the foreign ministry information department, Januska expressed concern with the intensified fighting in Chechnya over the past few days and again confirmed Lithuania's position that the issue of Chechnya should be regulated peacefully.

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